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West Europe Report

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11 June 1984

WEST EUROPE REPORT

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TINDEMANS' EFFORTS TO REVIVE WEST EUROPEAN UNION

Brussels KNACK in Dutch 11 Apr 84 p 17

/Article by Kris Lelievre-Damit: "A Different Forum For Europe. Minister Of Foreign Affairs Leo Tindemans Wants To Revive the Nearly Forgotten European Union"/

/Text/ The continuing confrontation between the United States and the Soviet Union--see the latest declaration of Soviet leader Konstantin Chernenko that the Americans first have to pull out their medium-range missiles from Europe before the Russians will resume negotiating--does have the advantages that more and more Europeans are realizing the importance of their own voice concerning peace and security. Over the past years most political parties in Europe have even vaguely agreed on the fact that our continent would have to become responsible for itself and would have to become an independent peace factor in the world.

Our country also does not escape this fortunate evolution. Thus, over the past weeks much work has been done at the cabinet of Minister of Foreign Relations Leo Tindemans (CVP /Social Christian Party/) on a remarkable Belgian initiative to revive the WEU /West European Union/. The intention is to make this West European Union the direction finder within NATO. Already at the end of last month a Belgian memorandum was presented to seven member states of the WEU. On 24 May it will be examined thoroughly for the first time when the WEU ministers of foreign affairs will meet in Paris.

Yet, Leo Tindemans does not only need to give the Europeans in the Alliance more reason to lament. It is also a unique opportunity for him to get out of the impasse which the European Community has got into at the moment. According to Tindemans a better defined European security policy can also present a possibility to give new impulses to the Community after the failed summit conferences of Athens and Brussels. By the way, his idea is not new. In his report of 1975 on the European Union Tindemans, then Belgian Prime Minister, already argued in favor of developing Europe's own security strategy as part of a full-fledged European foreign policy.

The formation of the West European Union in 1955--barely 1 year after the EDG /European Defense Community/ had been broken up ruthlessly in the French Assembly--had actually everything to do with the problem of German rearmament

after the Second World War. In view of the growing military threat of the Soviet Union that was very necessary at the time. However, the question was how the rearmament of the Federal Republic could be controlled.

In a European Defense Community something like that would have been very easy but because of France's opposition the choice was made for the West European Union. The formation treaty of the WEU stated that Germany would never be allowed to produce nuclear, biological or chemical weapons in its own territory. Apparently the die was cast then because several months later the Federal Republic joined NATO.

Not Utilized

Since that time the WEU has hardly fulfilled any function. Apart from a permanent secretariat in London, the WEU ministers of foreign affairs as well as the parliamentary Assembly did convene regularly but on the outside one hardly ever heard anything about it. The WEU existed but that was all. Yet, in all those years the West European Union has been a rare--be it not utilized--forum in which a number of European countries can talk to each other about military-political affairs. Of course this was also possible in NATO but not every member state was always in favor of it. Therefore, the Alliance's history shows total submission of the European security needs to the American ones.

The impulses Leo Tindemans now wants to give the West European Union, will of course also not go smoothly. There is much work ahead if the Belgian initiative is to succeed. First of all the point will be to convince the other WEU partners who are also members of NATO and the European Community, that the Belgian views are not destructive. It should not look like Tindemans would want to strengthen the West European Union at the expense of the Community or NATO. His initiative is only a start for dealing with specific European security issues in both organizations.

What the Belgian memorandum really looks like, will not be known until 24 May. It is said that the intention is to broaden the political power of the WEU institutions, to reform the secretariat, to set up a separate body which could take disarmament initiatives at a European level, and finally more attention would be given to standardizing European armament. That would be very beneficial to the European economy.

12433

CSO: 3614/86

COMMUNIST ELECTORAL FRONT COMES OUT AGAINST NEW NUCLEAR PLANTS

Helsinki HELSINGIN SANOMAT in Finnish 7 May 84 p 3

[Text] On Sunday the SKDL [Finnish People's Democratic League] took a stand against building new nuclear power plants in Finland. The decision was made by the SKDL Central Council with the vote 24-9.

The minority consisted of the Communist minority faction together with some supportive party majority members and Socialists. According to the loosing proposal the SKDL would not take a stand on the new nuclear power plants. The SKDL decision clearly deviates from the decision made by the SKP [Finnish Communist Party] in April. At that time the SKP decided that if a new nuclear power plant is needed it will be ordered from the Soviet Union.

As far as a policy stand is concerned the SKDL Central Council is indicating its desire to start talking about a collaboration with the Cabinet.

8200

CSO: 3617/158

SORSA GOVERNMENT CHALLENGED BY COMMUNISTS, CENTER PARTY ALLY

Sorsa's 'Low Profile' Blamed

Helsinki HELSINGIN SANOMAT in Finnish 8 May 84 p 2

[Editorial: "Cabinet! Inquiries About Your Position"]

[Text] Sorsa's four party government has been on the road for a year. As we all know, one gets worn out on the road. At this stage, damages are being checked, and the need for possible repairs are under consideration.

It has been a while since Prime Minister Kalevi Sorsa made it known that, after the local elections, the parties in government could start thinking about both broadening the government base and their own team in the government. The echo of that statement is now reverberating in the republic.

The task of the opposition, on the other hand, is to look at the government as a case of bankruptcy, the fall of which is only a matter of time. In the opinion of the SKDL [Finnish People's Democratic League] chairman Kalevi Kivisto developments are also leading towards the dissolution of the government.

If one is to believe this scenario, it is of course natural to immediately start thinking about alternatives in order to find a capable successor. Topmost in the SKDL thinking is the continuation of cooperation between the left and the center which ended in 1982.

The SKDL Central Council skillfully raised hot issues where cooperation would be needed: unemployment security, the proposal to raise compensation fines and the farming revenue law change.

The SKDL chairman's proposal had hardly taken off when it was shot down by his own group. The minority communists put it on the record that at this stage there were no possibilities of discussing government alternatives.

Jouko Kajanoja, the SKP [Finnish Communist Party] chairman, avoids governments that are against the rank and file. He prefers to expose poor plays. In order to make double sure, this critic decided to find fault with the editorials of his own chief organ.

From the point of view of the parties in government, the current discussion

concerning the reassignment of cabinet chairs must be an annoyance. Especially, as it is happening much too early. The party secretaries of both SDP [Finnish Social Democratic Party] and the Center Party are unanimous in rebuffing the speculation. The external threat increases internal unity.

In reality, the co-habitation of the parties in government has not been without problems recently, even though this is what they would like the public to believe. They have run aground many a time, and charting the course for the future budget is not going to be easy--right before the elections.

The opposition is rather toothless, but hopefully its stirrings, nevertheless, will activate the government to search for bold alternatives. Its low profile and the continuing procrastination in dealing with difficult solutions do not give a reassuring picture of its ability to function.

Center Party Clashes Continue

Helsinki HELSINGIN SANOMAT in Finnish 11 May 84 p 11

[Article]

[Text] According to Prime Minister Sorsa there is reason to consider whether to let the government situation continue as is or change course. Sharp attacks directed at parties in government and their representatives are out of the ordinary, Sorsa told HELSINGIN SANOMAT on Thursday.

Once again, the strained government situation was discussed on Thursday both at the Social Democratic party committee and at the labor committee of the Center Party. At both meetings the situation was discussed in a serious vein.

Sorsa stated on Thursday that the newly strained relations between the Social Democrats and the Center Party would not show in the government. On the other hand, there are public attacks against the government initiated by the Center Party and even its leadership, Sorsa said.

The Prime Minister softened his accusation, however, by stating that he is not entirely objective to condemn the Center Party tactics. Someone should be charged with the task of finding how and where the quarreling starts, Sorsa said.

The Prime Minister felt that these sharp attacks cannot pass without consequences. "There is reason to consider whether to continue like this or change course."

The government will have an opportunity to do this next week when the entire government will meet on Tuesday.

Relations Becoming Strained

Relations between the Social Democrats and the Center Party became inflamed after a short period of thaw prior to May Day, and the disagreement resurfaced this week during the interpellation in the Diet.

The Center Party blamed Social Democratic Minister of Social Affairs Vappu Taipale for preparing a bill concerning supports for children's home care that did not follow the agreement reached by the party secretaries.

At the Center Party's labor committee meeting the government situation was considered serious and it was believed that the government was on a collision course. The Center Party sees Minister Taipale as the guilty one in the home care dispute having acted independently, according to the Center Party.

The principal problem in the government situation, according to the Center Party, is the fact that the Social Democrats do not want to adapt to the views of the non-socialist majority in the government, which, according to the Center Party, does not work in the Finland of current power balances.

The Center Party believes that Minister Taipale is exaggerating the costs of children's home care supports. When fully implemented, the total costs would be only 650 million markkas, according to the Center Party, while the billions of Taipale's proposal are based on the construction costs of children's day care facilities.

There were reassurances from the Center Party on Thursday that the party has no intention to provoke squabbling in the government as it would profit no one.

Center Party Behavior Aggravating

The government situation was considered serious also at the Social Democrats' party committee. The SDP believes that the Center Party is behaving aggravatingly on purpose so that the general mien of the government would be weakened.

On the other hand, the SDP has noticed with great satisfaction that the SMP [Finnish Rural Party] seems to adapt to the role of a party in government in Diet sessions.

The SMP has had its difficulties in getting its ranks of representatives in line behind government proposals, but early this week the SMP agreed to support the government's bill to change the farm revenue law in the Diet's farm committee.

The intention is to cut area supports to the same level as the rise of aimed farm prices. Currently the supports are one and a half times the rise.

The group leaders of the parties in government also decided that future rebellions in the Diet by the SMP would be submitted directly to the Prime Minister for his interpretation.

8200

CSO: 3617/158

PARTY PRESS ORGANS AT CENTER OF COMMUNISTS' INTERNAL FEUD

Helsinki HELSINGIN SANOMAT in Finnish 10 May 84 p 13

[Commentary by Kyosti Karvonen]

[Text] Taisto Sinisalo, the power broker of the Finnish Communist Party's minority, considers that the policy line of the SKP [Finnish Communist Party] has clearly turned to the left in the last couple years and development toward party unity is off to a start. Therefore, he is ready to offer another term of office to Chairman Jouko Kajanoja at the party congress to be held in 2 weeks.

At the Extraordinary Congress held 2 years ago Kajanoja became chairman as a dark horse candidate at the very last minute while General Secretary Arvo Aalto, who was considered to be the more probable successor to Aarne Saari-nen, did not receive the support of the decisive majority.

A delegation of the Soviet Communist Party, which recently visited Finland, expressed its support for Kajanoja. To be on the safe side Kajanoja also received wishes of success directly from Soviet Communist Party Chairman Kon-stantin Chernenko.

After all this, Sinisalo's decision to support another term for Kajanoja comes as no surprise to anyone.

"I have not seen anyone present any suitable arguments for the demand to con-clude Kajanoja's chairmanship. In my opinion SKP development has not been at all as negative as the impression now being created," states Sinisalo.

Sinisalo does not present any other name for the party leadership, for the position of general secretary, for example. He figures that the names will come up by the time of the Central Committee meeting to be held 1 week before the congress. The primary objective of the Taistoite minority at the party's 20th Congress on 25--27 May will be to get rid of General Secretary Aalto.

Sinisalo initiated the chairmanship competition a full week ago in Lahti, but he denies having made any concrete proposals for keeping Kajanoja in of-fice. The reason for this denial is probably the fact that the SKP's majority

could easily label Kajanoja as a minority candidate. Being definitely labeled as a minority candidate can alienate some undecided members of the majority.

However, it seems that very few of these "vacillators" are to be found from the majority ranks. For example, the congressional delegation from the Satakunta District voted for a change of party chairman. A change was supported by 23 representatives and opposed by two, who announced that even they would vote along with the delegation at the party congress.

Why Not One's Own Candidate

The traditional lines of division in the SKP have begun to become blurred during Kajanoja's term in office. A fluctuating majority has developed in the Politburo, in particular, as Kajanoja and Vice President Tutta Tallgren of the Sirola Institute have moved from one side to the other. Why then does not the Taistoite minority initiate the game and propose a candidate from its own ranks?

"The traditional minority has never introduced its own candidate into the discussion since this is not part of the power struggle," assures Sinisalo.

Taisto Jalo Sinisalo, 57, who has spent all his adult years as a politruk [Soviet term for political leader], is formally "only" a member of the SKP Politburo and chairman of the International Department. In practice, he is the undisputed helmsman of the minority, which controls eight SKP district organizations. Among Finland's Communists Sinisalo has the best relations with Moscow.

The Fate of TIEDONANTAJA

The SKP congress should make a decision on the establishment of a daily party newspaper by merging the minority organ TIEDONANTAJA with the weekly YHTEISTYÖ, which has got off to a halting start. The factions in the SKP, however, give their own interpretation to the press decision made last September. Sinisalo's interpretation of the press decision is as follows:

"First of all, a development toward party unity in general is implied in the press decision. Without this, accomplishment of the press decision will not be possible. The decision treats the press as a part of the SKP's unification process, which also depends on the composition of the party leadership."

Sinisalo is persistent in his demand for a chief organ for the SKP even though the Central Committee's decision speaks only to the need for its own press organ.

All in all, the minority has strengthened its position and has undermined the ranks of the majority, but it is running up against a rather unified majority front in the press decision. This is confirmed by recently presented positions. Moreover, the majority was able to place a strict majority member, SKP Information Secretary Oiva Bjorkbacka in the leadership of the press committee in place of Erkki Kivimäki at the last meeting of the Central Committee.

Kivimaki, who directs the Yhteistyö Printing Shop and is the general secretary of the Finland-USSR Society, is considered to be the father of the press decision. Kajanoja's overall remedy to the SKP's problems has namely been the clarification of the press problem. Kivimaki has directed the press work group.

The press decision is the only issue about which Kajanoja has spoken with a clear majority emphasis or at least in a manner that has irritated the minority. Sinisalo has reproached Kajanoja namely for this.

"Kajanoja has issued such statements with which one can agree and such statements in which individual points should be reconsidered. They especially concern TIEDONANTAJA's position."

Kajanoja's press positions, which irritate the minority, have been gradually played down at least in public. In March he was still extensively involved in the press decision in the Central Committee, at the April meeting of the Central Committee he only had a few words to say about it, and in his May Day speech he did not mention it at all.

Sinisalo is ignoring the discussion concerning the cessation of TIEDONANTAJA. "In this country TIEDONANTAJA has been suppressed in many ways for a long time."

Sinisalo gives circumspective answers to questions concerning TIEDONANTAJA's future. "It will, of course, be possible that TIEDONANTAJA's position could change if the press solution advances and the party directs itself toward strengthening its publishing activities. For example, the paper's publishing base could become more narrow."

TIEDONANTAJA will be the minority's biggest trump card at the congress. Thus "there is no prospect that TIEDONANTAJA will cease as a paper even if a good newspaper is established for the SKP" according to Sinisalo.

Rightwing-Opposition

When communist parties wage a power struggle, it is common practice to accuse opponents of various kinds of deviations from the chief party line. Sinisalo finds a "rightwing-opportunist opposition in the SKP. "I am not the only one who has presented such an assessment," states Sinisalo in calling attention to greetings from the fraternal Soviet party.

Sinisalo also finds enemies of the SKP from outside of the party. He is especially irritated with the Social Democrats, whose interference in SKP affairs has in his opinion increased "apparently for the purpose of exerting an influence." Minority Communists have hinted that the question came up at a recent meeting of CPSU and SDP representatives in Helsinki.

The tactics planned by the minority for the congress are based on the assumption that not all of the 196 majority delegates will succumb to the demands

of the majority's strictest wing or the so-called axing line. This would give the minority's 151 delegates room to maneuver.

Sinisalo also refers to the much-speculated possibility: "It has been characteristic of recent development that the so-called majority has been unified less frequently than before, that is, if it is even now possible to talk about such a majority."

Sinisalo dismisses the question of the solidarity of the minority's ranks as useless speculation. Sinisalo does, however, point out that the minority's eight district organizations operate "in different areas and under different conditions. From such a situation it is possible to find factors with which one can speculate."

The Uusimaa and Tampere districts have been seen as opposite extremes within the minority. Uusimaa follows an extreme line under the leadership of Markus Kainulainen while the factions in Tampere, on the other hand, have come closer to one another.

In Sinisalo's opinion the solidarity of the ranks depends on the questions by which it is measured. Nevertheless, he sees the views of the minority districts as similar in basic questions.

As a communist Sinisalo is optimistic and sees "conditions for the continuation of positive development".

"No one likes the present course of events, but very many different things can be meant by this. When a restoration of order is demanded, one must ask what kind of order and for what purpose," is the message Sinisalo sends to General Secretary Aalto.

The dissolution of the SKP is a purely theoretical possibility, but he warns: "The SKP does not have any foolproof guarantees."

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SOCIALISTS IN SKDL APPEAL TO SOVIETS ON MISSILES IN EAST EUROPE

Helsinki HELSINGIN SANOMAT in Finnish 14 May 84 p 13

[Article: "Socialists Want To Reform SKDL"]

[Text] A Socialist delegation of the SKDL [Finnish People's Democratic League] is demanding a reform of the SKDL's organization, operational procedures, and political content at the congress to be held next year.

The delegation of Socialists, which met on Sunday in Kirkkonummi, considers in its proposal to the SKDL Executive Committee and to the district organizations that the SKDL's whole organizational structure has facilitated overlapping activities and thus has turned out to be inexpedient.

The Socialists oppose the establishment of a fourth parliamentary defense committee and support the proposal of Sadankomitea [Committee of One Hundred] to establish a peace policy committee instead to deliberate Finland's political answers to the threat of nuclear weapons.

The Socialists decided to appeal to the Soviet Union to withdraw the nuclear weapons it has deployed in Czechoslovakia and the GDR and to strive to continue the arms limitations talks. At the same time an appeal was made to Holland and Belgium to reject the deployment of U.S. Euro-missiles on their respective territories and to the United States to halt the deployment of Euro-missiles and pull out the missiles already deployed.

10576

CSO: 3617/159

KKE-INT EURODEPUTY CRITICIZES PASOK DELAYS IN CHANGES, ERT TACTICS

Athens 1 AVGI in Greek 21-22 Apr 84 pp 1, 2

/Interview with Leonidas Kyrkos, Eurodeputy and Member of the Secretariat of the KKE-Interior Central Committee. Place and time not stated./

/Text/ The people reject the artificial polarization, tear down the barriers raised against KKE-Int. by TV, join its ranks and give impetus to the optimism of the communists of renewal for the success of the party in the Euroelections. This is the message brought to AVGI by Leonidas Kyrkos from the recent impressive rallies of the party in the interview published in its entirety below.

L. Kyrkos underlines that the way out of the polarization and stagnation of the Change is to be found in real changes which require boldness but do not take time or cost. He addressed this question to the government:

"How much time do you need to vote for the simple proportional electoral system, to make the radio-TV /ERT/ available to all, to introduce the participation of the working people in the management of public enterprises? Such changes can be effected in 1 minute, yet they are delayed now for 3 years. The answer to 'why' explains why the Change has stagnated and why a significant part of the PASOK leadership encourages the polarization."

The full text of the interview is as follows:

Question: How do you explain the success of the KKE-Int. rallies?

Answer: The people are thirsty to find out where the change is and where the country is going. They have major worries and questions on the problems they face daily and the more general issues: unemployment, high cost of living, the tension in our geographic neighborhood and in the East-West relations. They search for an answer. But we must also state that the success is also due to the heroic work of our organizations, of the party members, of the "Rigas" youth and of our many friends who are not enlisted but who took part tirelessly in placing posters on walls, raising placards, distributing fliers, etc.

The People Reject the Polarization

Question: How did the people react to the campaign of hatred by Averof and the polarizing response of PASOK?

Answer: The people, even the moderate followers of New Democracy, do not want an artificial polarization, the hysteria of "against", the return to the psychoses which conceal the real problems. Everywhere, the audiences we spoke to--and they were not only our followers--approved with enthusiasm the denunciation of the Right, the revanchist policy and its fascist-terrorist cells, and accepted our appeal to deal decisively against every attempt for a fascist upsurge. At the same time they rejected the line of polarization encouraged by PASOK. I hope this polarization, which can only be harmful to the country--especially in these difficult hours for the nation--will not succeed and the people will teach the two "gladiators" that they do not care for cockfights--they want the stagnated Change to move forward.

Question: You said "in these difficult hours for the nation." The exchange of ambassadors between Ankara and Denktash constitutes a new provocation to international legality. How do you think the Greek side should react?

Answer: We must expect a continuing exacerbation of the situation in Cyprus and therefore it is our duty to plan in depth our reactions which must be cool headed and decisive. Above all, we must strengthen our national unity, knowing that the danger is real and that Ankara and those who are behind it will try to take advantage of any domestic difficulty we may have. The Greek side must demand specific measures to condemn the Turkish action and to force Ankara to renounce it. In many ways I think it would be useful to form national delegations from all parties to go to all major capitals to strengthen the diplomatic efforts of the government, to show the unbreakable unity of our people and to exercise maximum pressure on foreign governments and on world public opinion to bring to maturity the taking of specific measures. In this way the corresponding Cypriot initiative will be strengthened and at the same time the message will be sent to those who are behind the verbal condemnations in encouraging Turkish aggressiveness.

We insist on the all-party character of this effort and we hope that in this case the anti-democratic limitations on parties in the Chamber of Deputies will not prevail.

Why We Are Optimistic

Question: KKE-Int. denounces to the people its exclusion from ERT. Is there some exaggeration in this?

Answer: We must be even more severe because this is an unbelievable insult to the people and to their important right to be informed. At the Palais des Sports in Salonica, 10,000 people defied the rain and cold and staged a rally of unprecedented enthusiasm. Yet, ERT ignored it. It was prime time news.

It was buried. With what right, what democratic justification? They used this comic argument by the writers of political satire: That the TV will be open to the parties after the PASOK Congress. A few days later ERT showed--and rightly so--the KKE rally in Korai Square. It showed the KODISO /Party of Democratic Socialism/ National Council. Splendid. But not the 10,000 in Salonica! Not the thousands in Khalandri; not the thousands in Kokinia; not the thousands in Serres and Drama. Not a word!

In all these rallies the people tasted the open information on all the burning problems, both European and domestic, participated in the exaltation for Greece's democratic and socialist tomorrow, in the relentless condemnation of the right, the severe criticism of PASOK and KKE. With what right did ERT, its political directorate and the government, which bears the full responsibility, decide to ignore the people to such an extent and to treat in this unacceptable manner one of the most vibrant forces of the Change--the KKE Interior?

Question: The government said it does not want to prematurely start the electoral campaign and for this reason it does not open up the ERT.

Answer: This is both inaccurate and a mistake. The government already started its electoral campaign on ERT. It offers ERT to the others for their electoral campaign. In other words, it allows everything that promotes the politization trap. At the same time it hinders everything that could help the people understand the problems and decide on their vote. It hinders information, the movement of ideas, the dialogue on the Euroelections. We ask: How much can the people understand about the problems between 15 May and 15 June? Nothing. This is a heavy responsibility for the government.

How Much Time Do You Need?

Question: KKE-Interior showed the way to avoid polarization and the revanchism of the Right: With the imposition of the proportional representation and open information. How did the people receive these proposals?

Answer: The people have an unfailing instinct. The party leaders are below the level of the people. And for this reason they want to lower this level by cultivating fanaticism from above. When our comrades in PASOK tell us we are too severe in our criticism and that it was not possible to do more in two and a half years we reply: These are changes that will take years to be completed. But tell us: How much time do you need to introduce the simple proportional system, to make ERT--in its political section--open to many voices, to send elected representatives to the management of public enterprises, even as a small minority? How much time? One minute? Probably as long as it takes to sign a decree.

Ask yourselves why this is not done. And you will find out why the Change has stagnated, why a significant part of PASOK encourages polarization. The people who listened to us--and in this sense there are many PASOK followers--warmly

embraced our proposals because they are honestly democratic and show our limitless faith in the people and in the democratic process.

All Truth to the People

Question: In Serres you hinted that PASOK may deny to KKE-Int. access to ERT because it is being pressed by KKE.

Answer: I voiced this hint and we will shout the truth even louder if the situation remains as it is. The workers must learn the truth. The first goal of KKE is not its victory in the election but the elimination of KKE-Int. The unbelievable campaign of hatred against us, the mudslinging, the vile, unrestrained falsehoods about our positions and our policies, have this--our elimination--as their target.

Everywhere our posters, which cost us blood and sweat, were covered with their posters on the long-gone...Kileler and whatever else they found in their dusty drawers. The hysterical hatred against us of the fanatics among the KKE leaders and the fanatics at other levels is extremely harmful to the conscience of communists and especially to the young. This rabid attitude against our policy, which they do not dare face openly in a dialogue on TV or anywhere else because they know they will be crushed before the conscience of the working people, leads the KKE leadership to pressure PASOK to exclude us. It is unbelievable but true that PASOK is amenable to this. Some day PASOK will have to explain why.

In denouncing this attitude we address ourselves to the PASOK followers themselves, the members of its leadership, to the true communists who follow the other KKE, the consistent democrats and, of course, above all to our own members and cadres to invite them to break the conspiracy of silence, to bring our message of criticism and unity, to impose their demand to have the ERT open to dialogue because only the well-informed citizen is a responsible citizen and voter.

Question: What is the public response to the message for a Europe of the working people? The struggle against the New Democracy view that EEC is a paradise, against the view of the dogmatists that EEC is hell, against the unceasing vacillations of PASOK which stands on two pontoons?

Answer: The truth is always revolutionary. The people reject the happy talk of the ND, its attachment to the policy of unemployment, of the missiles, of the suppression of the social conquests of the working people. It derides the demonology of the dogmatic KKE which resorts to counter-revolutionary aphorism (the Europe of monopolies cannot become the Europe of the working people) to support a deeply mistaken analysis rejected by life and of course by the communists in Europe. The people question and oppose the opportunistic attitude of PASOK which is harmful to the country.

The people learn from KKE-Int. the truth, that the Right is responsible for the crisis in the Community and also the line of dependence from the US and that the solution is not the break up of the EEC--this would benefit above all the US--but the struggle of all progressive forces for another Europe--autonomous, peaceful, working and prospering.

Question: Are you optimistic?

Answer: Incurably so--as Andreas would say. Our message that we must change everything with intensive work, with a different policy and with a new ethos for Change, with the people in the center of decision making, raises the consciousness everywhere. The friends of ERT should come and see the public demonstrations at the end of our rallies. Come and see the eyes shining, the hands held tight with faith and comradeship, and you will see that KKE-Int. is the new hope of the people. Do not ask who has tears of emotion, who embraces with confidence, who leaves twice as tall. Do not ask where he belongs politically. Because he is the simple man, he is the one who writes history, who is always ready for the highest flights, provided he believes, and provided those who lead him are able to inspire and be first in sacrifices. These are our people.

7520

CSO: 3521/246

POLL SHOWS PAPANDREOU, KARAMANLIS POPULARITY

Athens TO VIMA TIS KYRIAKIS in Greek 22 Apr 84 p 3

/Text/ Andreas Papandreu today is the most popular political personality in Greece, surpassing--with a small difference--the President of the Republic K. Karamanlis.

This is the result of a scientific public opinion poll conducted between 1 and 4 April--two and a half months before the Euroelection--in the Athens area by EURODIM polling company.

The same study shows a spectacularly low popularity for Ev. Averof, the leader of New Democracy and even lower for former premier George Rallis. By contrast, other political leaders appear to enjoy high popularity, especially KKE Secretary Khar. Florakis who--according to this poll--is considered the third most popular political leader in the country.

More specifically: The poll takers asked a representative sampling of citizens in Athens, Piraeus and surrounding areas "what is their opinion about each political leader in the country?" The responses of "very good" and "good" gave the measure of the popularity of each leader. According to these responses, A. Papandreu received 50 percent of "very good" and "good" responses, K. Karamanlis 48 Percent, Khar. Florakis 32 percent, Ev. Averof 23 percent, G. Rallis 21 percent, I. Baniyas 12 percent, and I. Pasmazoglou 10 percent.

It must be noted that the popularity index of the leaders does not reflect the strength of their parties but mainly the personal appeal and influence of each political personality. And in this sense it is not without significance the low popularity of Averof and Rallis, the present and the previous leader of ND in contrast to the steadily high popularity of the premier.

Also noteworthy is the high popularity level of the communist leader Khar. Florakis (but also the satisfactory level of I. Baniyas), indicating that the anti-communist climate promoted by certain leaderships is not being accepted by the citizens.

In the context of this poll, an effort was made to assess the opinion of the citizens on the way President Karamanlis, Premier Papandreu and the leader of the opposition Ev. Averof carry out their duties. The responses indicate

the following:

President Karamanlis received 70 percent of approval while 30 percent of the respondents were "not at all satisfied" by the way the president carried out his duties. Of those who accept Karamanlis, the majority (i.e., 70 percent of those favorable and 49 percent of the total) said they are "very satisfied" or "satisfied".

The premier received the general acceptance of 80 percent of the citizens while only 20 percent appeared to be "not at all pleased" with the way the premier carried out his duties. Of those who approve of Papandreu the majority (i.e., 52.5 percent of those who approve of him and 42 percent of the total) were "very satisfied" or "satisfied" by his premiership.

The leader of the opposition Ev. Averof had the general approval of 40 percent of the citizens but he also received 60 percent of disapproval, a very high percentage. Of those who approve of Averof as the leader of the opposition, a little over half (57.5 percent of those who approve but only 23 percent of the total) were "very satisfied" or "satisfied".

The same poll studied the views of the public on the government's foreign policy. According to the responses:

Only 24 percent of the citizens did not consider the foreign policy "effective".

Seventy five percent accept it generally. Of these, 50.6 percent (38 percent of the total) considered it "very" or "sufficiently" effective and 37 percent "little effective."

With regard to the country's international relations, and in response to the question with which countries should Greece have "the closest relations," the poll showed:

Thirty eight percent wish "closer relations" with the countries of Western Europe.

Nineteen percent with the Balkan countries.

Seventeen percent with the Mediterranean countries.

Seventeen percent with the countries of Eastern Europe.

Three percent with the Third World.

In the context of the same scientific poll, the respondents were asked questions regarding private enterprise, foreign capital, and on the country's international relations. The results are particularly interesting on the views prevailing in public opinion on these sensitive issues:

Sixty percent do not agree with the view that "the foreign capital should be welcome, should be protected against nationalization and should be assured the proper conditions for profitable activities." Forty percent believe foreign capital should be welcome and protected generally.

Fifty nine percent believe "there must not be full protection" for industrial property, while 37 percent disagree and accept that "there must be full protection."

Fifty three percent believe "the state supervision of private enterprise must not be reduced," while 41 percent support the opposite.

Fifty eight percent believe, nevertheless, that "it is necessary to provide incentives for businessmen to invest so that the country can come out of the economic recession," while 38 percent do not accept this view.

Finally, 55 percent--rejecting the complaints of the industrialists--believe the radio and TV do give "the correct picture about private initiative," while 35 percent disagree.

TABLE I

HOW MANY ACCEPT C. KARAMANLIS

Question: "How pleased are you with him as president of the republic?"

Very pleased	22%
Sufficiently pleased	27%
A little pleased	21%
Not pleased at all	20%

HOW MANY ACCEPT A. PAPANDREOU

Question: "How pleased are you with him as premier?"

Very pleased	14%
Sufficiently pleased	28%
A little pleased	38%
Not pleased at all	20%

TABLE II

HOW MANY ACCEPT AVEROF

Question: "How pleased are you with Averof as the opposition leader?"

Very pleased	8%
Sufficiently pleased	15%
A little pleased	19%
Not at all pleased	50%

HOW MANY ACCEPT THE FOREIGN POLICY

Question: "How effective is the government's foreign policy?"

Very effective	8%
Sufficiently effective	30%
A little effective	37%
Not effective at all	24%

The Most Popular

A. Papandreou	50%
K. Karamanlis	48%
Kh. Florakis	32%
E. Averof	23%
G. Rallis	21%
I. Baniias	12%
I. Pasmazoglou	10%

This poll was conducted between 1 and 4 April 1984, with a sampling of 600 persons residing in the region of Athens, Piraeus and surrounding areas, selected by quotas on the basis of sex, age, area and electoral constituency, in order to represent proportionately all the categories of the population.

The EURODIM company claims that this method used by it exclusively in Greece gives the most representative sampling.

EURODIM has signed the International Code of Practices for Market and Public Opinion Polls of ICC/FSOMAR (European Union for Market and Public Opinion Polls). All polls conducted by EURODIM conform to the regulations of this Code. EURODIM is responsible for the data, while the commentary was written by TO VIMA. The processing of the data was done on the computer of the PRIME company.

Political polls by this company were published in the past by other newspapers and magazines, with considerable success--as shown by the developments which ensued.

7520

CS0: 3521/246

SURPRISE AT MAVROS' CHOICE FOR PASOK 'EUROLIST'

Proof of Confusion in PASOK

Athens I KATHIMERINI in Greek 27-28 May 84 p 9

[Editorial: "Funny and Sad Notes"]

[Excerpt] If the PASOK did nothing to preserve a normal, democratic pre-electoral climate with its list of deputies, which was published day-before-yesterday, it doubtlessly provided a funny note to an overburdened atmosphere, already full of anti-democratic provocations.

Two personalities were chosen at the top of the "list" to pursue Mr Papandreou's party and government's goal of establishing a special relationship between Greece and the SEC instead of its present participation as a full member. The first one is G. Mavros, who, as minister of foreign affairs and as a political leader, had fought officially and unofficially to persuade the (then) "nine" to accept the Greek request for membership in the Community. The other personality is M. Glezos, who had fought before 1967 to keep Greece out of the Common Market, and after 1974, to proceed to the organization of a Balkan Economic Community, the so-called BEC, to which even I. Iliou, head of the EDA/United Democratic Left/ did NOT agree!

Thus, under the leadership of these two men, one of whom is an EEC partisan and the other its adversary, the PASOK deputies in Strasbourg will work for our disengagement from the Community and the establishment of the special relationship preferred by their party! This is indeed a tower of Babel of opinions, and the highest degree of irresponsibility, which goes beyond even what is commonly accepted as the reigning confusion within the PASOK.

Questions Raised

Athens I KATHIMERINI in Greek 27-28 May 84 p 8

[Excerpts] Of all the PASOK's spectacular failures, I don't believe any are worse than G. Mavros' selection to head the present electoral campaign.

This article is not about Mavros himself, who is undoubtedly a political personality with many and varied qualifications. This is on a totally different subject.

But first, we must stop to admit that Andreas Papandreou had succeeded in infusing enthusiasm and devotion to a very large group, mainly made up of young Greeks. Like disciplined soldiers, they had followed the leader in all the struggles and were awaiting with justified anxiety and moment of victory. And 7 years later, the joyful bells were tolling.

Almost three years went by. We have now reached the first significant confrontation in the struggle which will measure the PASOK's degree of success or failure.

Now, the reasons for Andreas' attributing such emphasis to these elections when he--who is supposedly endowed with such political acumen--notices the climate of dissatisfaction building up around him, remained quite mysterious. He could indeed have downgraded them, like so many other European leaders. But he did the opposite. Perhaps to fanaticize his followers and to ensure their votes, he lifted the flag of the great fight, of the struggle in the people's defense.

In the search for the best, the strongest, the most charismatic general to lead the PASOK forces, he chose Mavros.

Couldn't he find anyone among his own men? Someone who belongs to this new world, someone among those who followed him up the difficult uphill path toward the final goal of "change"?

To what extent can he count on the ignorance or the forgetfulness of his own people? How many things must he forget in order to accept Mavros as a useful co-fighter?

G. Mavros, who is not responsible to anyone and is not counting on any supporters or any crosses of preference, continues to be what he always was, an ambitious, egocentric politician who is interested in his own advancement and does not pay particular attention to those who serve him or their quality. Since Andreas seems useful at this time, then so be it....

It is Andreas who is admitting, through his choice of Mavros, the paucity of his ranks, the lack of leaders in this strange coat of many colors that is the symbol of the PASOK.

I must admit that I never believed in the PASOK and that I am not surprised by its errors, its faux-pas and its pettiness.

However, this very transparent act of treason causes both surprise and wonderment, especially at this time, when the PASOK is faring badly, when it is losing followers, it is acquiring problems and it is meeting with the bitterness of the change from a warm political summer to a cold autumn and probably a freezing winter.

Is this when it was decided to hitch itself to Mavros' minimally lucky chariot?

For what reason? Does Andreas, or anyone close to him, believe that it is possible to win even one more vote due to Mavros' presence? Or, more to the point, doesn't he understand that he will inevitably lose people and votes, that he will provoke rebellions..."What, give our vote to Mavros? Never!"

Andreas can speak for hours from balconies and screens, but he will not find a persuasive answer to this question: "Was there no one else, among all his followers, besides Mavros?"

CSO: 3521/250

POLLS SHOW SUDDEN SHIFT TOWARD LEFTIST PARTIES

Large Decline for Conservatives, Progressives

Oslo AFTENPOSTEN in Norwegian 5 May 84 p 3

[Article by Egil Sundar]

[Text] A clear Socialist victory would have been the result if parliamentary elections were to take place tomorrow. This appears from the most recent poll taken by the Norwegian Public Opinion Institute for AFTENPOSTEN. All three coalition parties are losing ground, and the setback is largest for the Conservative Party--from 30.3 percent in March to 28.4 percent in April. The parties to the left, the Labor Party, the Socialist Left Party, and the Liberal Party, have a total support of 48.4 percent, while the Conservative Party, the Christian People's Party, and the Center Party have a total support of 42.8 percent.

Against the background of the dramatic decline of the Progressive Party, from 4.8 percent to 3.2 percent, according to the poll taken by the Market and Media Institute which was published in DAGBLADET last Saturday, there is reason to note that Carl I. Hagen's party made a leap forward in the poll of the Norwegian Opinion Institute for April. The Progressive Party now has the support of 6.4 percent of the voters, as against 5.8 percent in March, which means that the party, for the first time, has managed to break the downward trend which started in November of last year. In any case, the April figure of the Norwegian Public Opinion Institute shows that the situation for our new liberal party is far more encouraging than might have been expected only a week ago. On the basis of the confidence which we, of course, have in our own polls, it is to be assumed that the current figure of 6.4 percent gives a fairly correct idea of the position of the Progressive Party.

Socialists

The socialist block, now also with the Liberal Party as its declared member, has become stronger according to the most recent poll taken by the Norwegian Public Opinion Institute during the period 7-27 April. The Labor Party clearly has managed to break the slightly declining tendency which had lasted since November of last year. The support of the Labor Party is now

38.8 percent, which, it is true, is a difference of merely 0.1 percentage point since March but nevertheless sufficient to cause a certain amount of relief in the party headquarters at Youngstorvet. The Socialist Left Party, on the other hand, has made distinct gains--from 4.8 percent in March to 6.2 percent in April, the highest figure that the Norwegian Public Opinion Institute has had for Hanna Kvanmo's party for a very long time. The Liberal Party, for its part, has a support of 4.0 percent, the same as last time.

Conservative Decline

The weakened position of the coalition government is, first and foremost, associated with a marked decline for the Conservative Party, from a very encouraging figure of 30.3 percent in March to 28.4 percent in April. As far as the Christian People's Party and the Center Party are concerned, the situation is more or less unchanged, but with a slightly declining trend for both parties. In the last three opinion polls, the Christian People's Party obtained 8.9 percent, 8.3 percent and most recently 8.0 percent. The corresponding figures for the Center Party are 7.4 percent, 6.6 percent and 6.4 percent.

The March figure of the Norwegian Public Opinion Institute for the Conservative Party showed that the party again had passed the magic 30 percent, the final proof--in the opinion of many people--that the party of Willoch, Benkow and Norvik was on its way toward its former high levels of support after the decline in the local elections of last year and the increased downward trend in the weeks that followed. The sudden decline now witnessed is presumably of a temporary nature and may be associated with the extensive scare campaign that has been conducted in connection with the implementation of the new health care legislation as of 1 April. And as usual it was, of course, the Conservative Party which got the blame. However, there is reason to believe that gradually as the controversial legislation is tested in practice, and everybody gets a chance to ascertain that we are getting considerably better health care in the various municipalities, the Conservative Party will before long pass the 30 percent voter support figure anew. A health care reform that provides increased security for the majority of the population cannot possibly become any lasting burden.

Stray Case

Certain people may draw the conclusion that failing support for the Conservative Party in April must be attributed to the commotion in connection with Foreign Minister Sverre Stray and his unfortunate statement on Latin America prior to the Easter holidays. However, it is extremely unlikely that the said episode would have frightened the voters away from the Conservative Party. And if it had been the case, they certainly would not, for that reason, have joined the Progressive Party, which, from the very start, has announced its full support for the positions held by Sverre Stray. It may also be ascertained that to the extent that a few people within the middle parties may have desired to fish in the troubled political waters of the Stray case, they have benefitted little from it.

Apart from the effects on the public opinion polls of certain individual issues, which it, undoubtedly would be wise to examine further, the most recent poll taken by the Norwegian Public Opinion Institute invites reflection on the part of the coalition government, also in a somewhat wider perspective. The balance of power among the parties may seem to indicate the possibility of a parliamentary election next year with the Progressive Party in a position to determine the outcome. Although one never knows-- in politics, changes may occur extremely rapidly.

Question: If you were to vote in a parliamentary election tomorrow, which party would you vote for?

Spørsmål: Hvis De skulle stemme ved Stortingsvalg imorgen, hvilket parti ville De stemme på?							
(1)	Stor- tings- valget 1981	Fylkes- tings- valget 1983	(2)				
			1984	Jan.	Feb.	Mars	April
	%	%	%	%	%	%	%
A (3)	37,1	39,2	39,8	38,6	38,5	38,6	
DLF (4)	0,6	0,7	0,3	0,1	0,5	0,8	
FP (5)	4,5	6,3	7,2	6,0	5,8	6,4	
H (6)	31,8	26,2	27,4	29,4	30,3	28,4	
Kr.F. (7)	9,3	8,7	8,7	8,9	8,3	8,0	
NKP (8)	0,3	0,4	0,4	0,4	0,2	0,2	
RV (9)	0,7	1,2	0,7	0,6	0,7	0,5	
S (10)	6,6	7,3	6,0	7,4	6,6	6,4	
SV (11)	5,0	5,3	5,7	5,5	4,8	6,2	
V (12)	3,9	4,4	3,5	3,0	4,0	4,0	
Andre (13)	0,2	0,3	0,4	0,1	0,0	0,5	
Sum: (14)	100,1	100,0	100,1	100,0	99,9	100,0	
A + SV	42,1	44,5	45,5	44,1	43,3	44,8	
H + Kr.F +							
S	47,7	42,2	42,1	45,7	45,2	42,8	
A + SV +							
RV +							
NKP + V	47,0	50,5	50,1	48,1	48,4	49,5	
H + Kr.F +							
S + DLF +							
FP	52,8	49,2	49,6	51,8	51,5	50,0	

Key:

- | | |
|-----------------------------|------------------------------|
| 1. Parliamentary election | 8. Norwegian Communist Party |
| 2. Local elections | 9. Radical Liberal Party |
| 3. Labor Party | 10. Social Democratic Party |
| 4. Liberal People's Party | 11. Socialist Left Party |
| 5. Progressive Party | 12. Liberal Party |
| 6. Conservative Party | 13. Others |
| 7. Christian People's Party | 14. Total |

The figures indicate the number of voters who would vote in a parliamentary election tomorrow, if any, of those who would be absolutely certain to vote. The question was also asked which party they voted for in the parliamentary election in 1981. The differences between the support of the individual parties on this question and the actual election result in 1981 have been used as weighting factors.

The results are based on interviews with 957 people who were entitled to vote. Half the interviews were undertaken during the week prior to Easter and the other half were undertaken the week after Easter. (7-27 April 1984.)

Oslo, 4 May 1984

The Norwegian Public Opinion Institute, Inc.

Second Poll Confirms Trend

Oslo AFTENPOSTEN in Norwegian 12 May 84 p 3

[Excerpts] The socialist advantage over the three nonsocialist government coalition parties was confirmed in the political poll taken by Norway's Market Data Institute for April. The Labor Party, the Socialist Left Party and the Liberal Party have a total support among the voters of 47.7 percent, the Conservative Party, the Christian People's Party and the Center Party a total support of 43.4 percent.

In the poll taken by Norway's Market Data Institute, the Labor Party advances by 0.8 percentage point, from 38.4 percent in the February/March poll to 39.2 percent in the April poll. The Conservative Party, however, experiences a slightly downward trend: 28.6 percent now as against 28.9 percent 1 month ago.

And even if both the Christian People's Party and the Center Party in the political poll taken by Norway's Market Data Institute advance slightly compared to the February/March poll, the socialist block, composed of the parties which are represented in the Storting today: the Labor Party, the Socialist Left Party and the Liberal Party, thus has an advantage of 4.3 percentage points.

	Storting Elections September 1977	Local Elections September 1979	Storting Elections September 1981	Local Elections September 1983	1983 Jan.	1984 Jan.	1984 Feb.- March	1984 April
	%	%	%	%	%	%	%	%
Radical Liberal Party	0.6	0.8	0.7	1.2	0.6	1.1	0.6	1.1
Labor Party	42.3	36.2	37.1	39.2	39.6	38.9	38.4	39.2
Communist Party of Norway.....	0.4	-	0.3	0.4	0.1	0.4	0.1	0.2
Socialist Left Party	4.2	4.4	5.0	5.3	5.6	5.9	6.5	5.2
Progressive Party	47.5	41.4	43.1	46.1	45.9	46.3	45.6	45.7
Liberal People's Party	1.9	2.5	4.5	6.3	5.8	7.0	7.1	6.7
Conservative Party	1.4	1.2	0.6	0.7	0.4	0.3	0.2	0.6
Christian People's Party	24.8	29.7	31.8	26.2	30.4	28.7	28.9	28.6
Center Party	12.4	10.1	9.3	8.7	7.6	7.9	8.3	8.7
Liberal Party	8.6	8.6	6.6	7.3	6.0	5.7	5.7	6.1
Others	3.2	5.3	3.9	4.4	3.7	4.0	4.0	3.3
	0.2	0.6	0.2	0.3	0.2	0.2	0.2	0.4
Total	100.0	99.4	100.0	100.0	100.0	100.1	100.0	100.1
Answer to party preference					1136	1177	1029	1041
Total number of persons polled					1334	1423	1298	1261

The poll appears by weighing each party against the parliamentary elections in 1981. Calculated statistical limits of error may be of the magnitude of 3 percent for shares of votes close to 50 percent, approximately 2 percent for shares of votes of 10-20 percent and close to 1 percent for lower shares of votes. The poll was taken during the period 20 March - 13 April 1984.

Oslo, 11 May 1984
Norway's Market Data Institute, Inc.

Conservative Paper Comments

Oslo AFTENPOSTEN in Norwegian 16 Mar 84 p 2

[Editorial: "Poll Is No Election"]

[Text] The political parties, of course, have also learned from experience that things go up and down in this world. Monthly polls taken by four different polling institutes show changing trends. Here, nothing may obviously be taken for granted. In the constant struggle for the favor of the electorate, some may find consolation in the old truth that a poll is no election and that the ways in which the voters react may never become a question of mathematics.

For all those who desire to become familiar with the political trends, it is a good idea not to attach too much importance to individual polls. Otherwise, one would get a rather confusing idea of the balance of power among the various parties. A comparison of the figures of the four polling institutes month by month will show that the figures extend in rather many directions. Those who are interested in politics will, of course, also have seen that a few polling institutes work with larger fluctuations than others.

The principal value of opinion polls is the fact that they show the major political trends. A study of the figures of the various polling institutes over a fairly long period of time shows that the long-term trends of the parties are quite obvious. In this respect, opinion polls usually coincide. This is a further reason for not allowing oneself to become bewildered by individual polls.

If one looks at the polls taken during the period following last year's municipal and county elections, there are certain features which may be clearly deduced. This applies, first, to the distinct gains of the Conservative Party from a record low figure in October (2.9 percent, according to the Norwegian Public Opinion Institute) to the more recent polls which show that the party of Willoch, Benkow, and Norvik is on its way back toward its previously high levels of voter support. Simultaneously with this positive trend for the Conservative Party, the Progressive Party has experienced a declining trend, which confirms the impression that the said two parties, to a large extent, operate in the same market. The coalition partners of the Conservative Party, the Christian People's Party and the Center Party, both have a relatively solid support but seem to have difficulty gaining new voters.

As far as the Labor Party is concerned, several polls show that the said party has managed to reverse a downward trend during the winter-months and has gradually consolidated its position with a support of between 39 and 40 percent. The trend, undoubtedly, gives reason for some optimism in Gro Harlem Brundtland's party.

With a view to upcoming Storting elections, it is naturally the relations between the socialist and the nonsocialist blocks which are of major interest. In this respect, the picture has changed in socialist favor. If an election to the Storting were to take place tomorrow, there is every likelihood that the Labor Party, the Socialist Left Party and the Liberal Party together would have obtained the majority needed to produce a change of government.

However, let us once more keep in mind that polls and elections are two different things. In view of the inconstant nature of political life, nobody can predict the situation which will exist when the Norwegian people will be going to the polling stations next summer. The only thing that we know with certainty is that there will be another election of government and thus a decisive battle about principal political lines. Therefore, keep up-to-date by all means! The opinion polls will, no doubt, ensure a high level of interest.

7262

CSO: 3639/112

ARMED FORCES RESERVES REFRESHER TRAINING DESCRIBED

Helsinki HELSINGIN SANOMAT in Finnish 6 May 84 p 29

[Article by Jorma Korhonen: "Goal Is Real Combat Soldier"]

[Text] On 4 May, the Day of Roses, 5,500 11-month Finnish recruits marched into civilian life and into the reserves. Each one has behind himself a new type of combat training and his own specialized training.

More than one-third of them is faced with a search for a job or a school.

The hardships and wastefulness of military training are over and forgotten in the excitement and joy of being discharged from the service, but the defense forces are left to ponder what should be done with respect to recruit training in order for it to accomplish its objectives and not be a waste of time.

The defense forces are in the third year of a training reform, the objective of which is to make every recruit into a first-rate combat soldier.

The minimal requirement is to acquire survival skills, a level of instinctive know-how.

It has been confirmed in the defense forces' own training inspections that the goal is not always achieved or that survival skills quickly fall below the minimum.

It has been determined on the basis of these inspections that the Army needs effective 'old time' combat instructors. They have been replaced by theoreticians.

Eero Riuttala, who reported on these training inspections conducted by the General Staff in SOTILASAIKAKAUSLEHTI, asks: "Does combat training based on formal drilling, indeed, no longer prevail? Many exercises contained too many speeches by instructors delivered to troops standing in the woods and too little real action."

Riuttala also asks what has happened to exercises in closed ranks and has the significance of exercises in closed ranks become lost to instructors.

The recruits' union, to which the defense forces do not pay much attention, criticizes the training of recruits in strong language. Olli Ravela, the union's organization secretary, alleges that half of the training time is wasted on nonessential matters.

"The allegation is not a question of tactics, but the union is expressing a genuine concern," assures Ravela.

Ravela considers that the recruit, generally speaking, demands more from his training time than it is capable of delivering.

"The motivation of the men to participate in the exercises decreases as time passes since the training does not provide them with any incentives and assurances. This also results in a decline of the national defense will and spirit. Thus the weaknesses and deficiencies of training act to defeat the most fundamental purpose of the defense forces," emphasizes Ravela.

He thinks that civilian service is becoming a more prevalent alternative for the very reason that it can offer more sensible ways of serving society.

"In many instances social and ethical views lie behind the religious and ethical reasons accepted as the basis for civilian service, an earnest desire to lead a more useful and effective life than what is currently possible in the military.

"The fatherland is wasting its potential," continues Ravela and advises the defense forces to give hearings to men desiring to serve in the armed forces in the same manner as hearings are given to those desiring civilian service. At such hearings they will be asked the reason for choosing the armed services as an alternative. "In this way it would become possible to define the expectations connected with a recruit's service time and perhaps even gain some beneficial knowledge for making military training more effective."

Extending the time of civilian service will not in Ravela's opinion eliminate the weaknesses of military service and will not make the military alternative more attractive -- "and certainly not better. The problem is only being turned upside down".

Olli Ravela's allegation that recruit training demeans the abilities, knowledge, civilian reasoning, and self-respect of today's man is subscribed to by many recruits who have recently transferred to the reserves.

Lieutenant Colonel Seppo Ahtikoski, chief of the training office of the General Staff admits that allegations concerning partial wasted time in training are true. "But issues must be simplified in training for the slower individual. And also for the reason that success in warfare can only be achieved by simple means."

Ahtikoski doubts whether a young man entering the military is able to correctly perceive the overall significance of military service. "He is not

yet able to have a conception of this issue and for this reason he would give an immature formulation of his expectations.

"Does a young recruit understand that society has paid professional soldiers to worry about those situations in which the people could be involved in an armed conflict and that the male population must almost in its entirety be trained along side of the professional soldier. This is an issue that a young man does not see, he is only interested in the evening and the next weekend. It is a biological fact that a man learns to see the total picture only after he has completed his military training and entered the reserves."

Studies indicate that the Finnish male is quite willing to participate in military training. "We must be able to satisfy this willingness with all available resources," emphasizes Ahtikoski. But he doubts whether it is necessary to ask a recruit about his expectations and reasons for serving. "Society has already determined what a man should learn in the military."

The goal of the defense forces is to acquire salaried personnel for taking care of those tasks which are not of benefit to actual military training. Lieutenant Colonel Ahtikoski considers that the Army could assign many tasks, except those connected with maintenance, including guard and surveillance duties to paid personnel instead of to the recruits. The model being used in Sweden, among other places, is being considered.

"In this day and age it is not necessary for the defense forces to train bus drivers since the country is full of people who can drive. Instead of the current 5,000-man force of recruit bus drivers, salaries should be paid to regular personnel to accomplish this function so that recruits would have more time for actual military training."

The reform, which is now in the implementation phase, provides that combat training be given to each recruit and as opposed to past practice it places greater emphasis on the individual instead of the group or troop section. The objective is to teach uniform skills, the accomplishment of which is inspected throughout the whole time of recruit training all the way to his entry into the reserves.

Also the primary goal is to separate service time from free time more distinctly than before. It is assumed that this measure will eliminate some of the wasted time for recruits and will bring a degree of rationale to the use of time.

"A definite separation between service time and free time is in the interest of the individual and is not necessarily in conflict with the interests of the defense community," estimates Ahtikoski. But a 40-hour work week for the recruit will not become a reality in the near future."

After accomplishing an individual-oriented combat training the defense forces are planning a reform of specialized training and in the third phase a critical restructuring of non-commissioned and commissioned officer training. Procedures for measuring the effectiveness of training are being developed.

Relevant Treatment by Army

The demand of past years that the recruit has the right to expect relevant treatment from his service time has been met rather well by the defense establishment with respect to the present generation of recruits. Reserve Ensign Esa Haajanen, who has been discharged from a guard battalion, remembers only the discipline of non-commissioned officer training as not being relevant. "It was worth going through," he assured upon leaving.

Lieutenant Colonel Ahtikoski is also amazed as to why only lower rank sergeants still trust in the force of yelling. "They cause even greater confusion among the men."

Ari Koskinen went through the military with a sense of humor, but his self-initiative disappeared temporarily. Instead, his ability to evade his obligations increased "also temporarily".

Sergeant Tero Lehmusvuo went into the Army to acquire physical conditioning and a truck driver's license. He received both. Lehmusvuo would adjust service time to conform to the needs of the branch of training more efficiently than at the present time. "For some men training is too long and for others it is too short."

In the future the defense forces must place greater emphasis on the level of civilian education acquired by the individual. Those who learn quickly can be made to teach others," admits Lieutenant Colonel Ahtikoski.

10576

CSO: 3617/159

NOKIA FIRM DENIES CHARGE WAS INVOLVED IN LIBYA ARMS SALES

Helsinki HELSINGIN SANOMAT in Finnish 10 May 84 p 10

[Article: "Nokia Denies Allegation It Cooperated in Arms Sale to Libya"]

[Text] The Nokia Company denies as completely unfounded the Swedish DAGENS INDUSTRI paper's allegations, according to which Nokia was involved in an attempt to deliver weapons to Libya together with two Swedish firms.

Thomas Zilliacus, Nokia's press director, stated on Wednesday that he does not know the origin of DAGENS INDUSTRI's allegations.

According to the Swedish paper, 60 Bofors 40-mm L/70 guns as well as fire control systems and radar equipment were being sold to Libya through Yugoslavia. Together with Swedish Philips Nokia was supposed to be developing an espionage radar of the type the company has already previously developed for the Finnish Defense Forces.

The total value of the transaction would have been approximately 1 billion kronor or approximately 850 million Finnish markkaa.

According to Swedish sources, negotiations were conducted in the fall of 1981 in Yugoslavia's capital city, Belgrade. Two Bofors and two Swedish Philips representatives of the electronics industry as well as one management-level negotiator from Nokia were present.

"A representative of Nokia Electronics went to Yugoslavia once in the fall of 1981 when Nokia was presented an invitation to tender a bid. At that time there was no mention of Libya, but only of Yugoslavia. Nokia decided not to respond to the above-mentioned invitation," commented Thomas Zilliacus.

Directing the transaction toward Yugoslavia was according to DAGENS INDUSTRI an attempt at deception since Yugoslavia purchases many weapons from Sweden and there are already more than 100 similar weapons in the country.

The secret "A2" project fell through since Colonel Torsten Petre, the acting Swedish military attache in Belgrade, disclosed the project to the Swedish Government.

According to DAGENS INDUSTRI, the Swedish Government did not deal with the arms transaction officially due to the sensitive nature of this issue, but it did, however, demand that Bofors abandon the project.

NEW ARMY DISCIPLINARY REGULATIONS APPROVED

Athens I KATHIMERINI in Greek 7 Apr 84 p 2

[Text] President of Greece K. Karamanlis signed the new "General Regulations for Army Service" which will replace the 20-1, which has been criticized repeatedly.

The new regulations, which will be in force 3 months after their publication in the GOVERNMENT GAZETTE, contains 80 articles whose provisions, according to information received, define among other things the following:

Under no circumstances does discipline aim to crush individuality or to abolish initiative, but seeks to create harmonious relations among individuals and to coordinate efforts for the success of a common goal.

The commandant has the right and the duty to demand the obedience of his subordinates; he cannot, however, order them to carry out actions whose execution would make them liable to punishment as a consequence.

Soldiers are forbidden to read or to advance in any manner within the units every type of political printed matter and publications which indirectly or directly can disturb discipline, as well as of printed matter with clearly anti-military content (this provision has been modified).

Every soldier who wears civilian clothing has the same obligations of giving and returning a salute, just as if he were wearing an army uniform.

Those soldiers wearing civilian clothing who have a hat, salute by removing it and inclining the head slightly; those not wearing a hat salute with a slight inclination of the head. In the giving and returning of the salute, the soldiers do not bow.

Every soldier is forbidden to wear a decoration or a medal which has been awarded by a foreign government if he does not secure permission for this, given through a Presidential Decree.

Soldiers have a right to express their opinions in writing and to publish texts of clearly scientific, political, or literary content.

Officers, non-commissioned officers, and regimental sergeant-majors are forbidden to practice any profession whatsoever or to engage themselves in any work for which they are paid.

EXPORTS TO SOVIET BLOC DROP AS CHINA TRADE RAPIDLY EXPANDS

Imports From Soviet Bloc Up

Copenhagen BERLINGSKE TIDENDE in Danish 30 Apr 84 p 6

[Text] Danish exports to state-dominated economies in Europe in the past few years have constituted a smaller percentage of Denmark's total exports. If we use the going prices to measure by, exports in general have been at a constant level over the past 3 years, but have been declining in some isolated instances. In 1983, total exports were two percent lower than in 1980. If we use fixed prices to measure by, however, the decline has been far greater. In 1983, meanwhile, exports actually rose some seven percent, corresponding to developments on the international scene.

Irrespective of the Polish debt situation, Danish exports to Poland showed no substantial decline from 1981 to 1983. Exports to the Soviet Union and Czechoslovakia showed some increase. Our total exports to Bulgaria--not amounting to much in the first place--have more than doubled in the last 3 years. East Germany has substantially limited its imports from Denmark; figures in this area have gone down from 560 million Danish kroner in 1980 to 253 million kroner in 1982. This corresponds to the general tendency in East-West trade of reductions in Eastern bloc imports. In 1983, however, figures showed an export increase up to the level of 364 million kroner.

Danish imports from these countries, on the other hand, have risen sharply, as a result of the importation of energy-related products. Danish importation from the state-dominated economies--including China and Yugoslavia--amounted in 1983 to 5 percent of Denmark's total imports, compared with 4.2 percent in 1982. Since Denmark, then, imports more than double the amount from the state-dominated economies than we export, the deficit in the balance of trade relative to these countries in 1983 amounted to more than 4 billion kroner.

Much of this sizeable trade deficit is a result of Denmark's importing a large amount of energy from the state-dominated economies. In 1983, 12.5 percent of the total Danish energy imports were covered by purchases from these countries. This percentage, amounting to 3,645.8 million kroner, accounted for some 56 percent of the total import from the state-dominated economies for 1983 --which amounted to 6,525.9 million kroner.

Government Loan for China Trade

Copenhagen BERLINGSKE TIDENDE in Danish 30 Apr 84 p 7

[Text] Trade between Denmark and China has shown particularly dynamic development in the last few years. Our exports to China, which have increased more than tenfold since 1978, amounted to 540 million kroner in 1983, and are expected to increase significantly in the years to come. Export figures peaked temporarily in 1982 at 1.2 billion kroner as the result of a big ship sale, resulting in a favorable balance of trade for Denmark. This was cancelled out by a trade deficit in 1983, however. China must continue to be considered as a state-dominated economy, even though a series of decentralization efforts have allowed local authorities (provinces and larger cities) to exercise more economic independence relative to other countries. China, however, definitely does not belong to the same category as the European state-dominated economies and has shown internal and external development which is completely different from that seen in the Comecon nations.

Despite its status as a superpower and its economic significance China in many ways is a non-country. An average per capita income of approximately 3,000 kroner accounts for great differences in living standards, and particularly in the rural districts there is a significant need for development.

Since the opportunities for Danish aid to China are almost limitless, we have elected to concentrate on areas where Danish industry is particularly suited to the task at hand. At the same time, there has been a certain geographical concentration, since 225 million kroner have gone to projects in or near the province of Heilongjiang in northern China.

A Danish government loan is currently being negotiated, which, supplemented with conditional commercial credit, will facilitate Danish projects up to a level of approximately 1 billion kroner over the next 4 years. This Danish development aid is expected to have a favorable effect on trade from a purely commercial standpoint.

On the basis of a series of exchange visits with the Chinese central government and the Chinese provinces in 1982, 1983 and 1984, the Trade Department of the Foreign Ministry expects a continued close cooperation between Denmark and China. They are entertaining particular hopes in the agro-industrial area, but there are also possibilities in the cement industry and the electronics industry.

Statistics on Communist Countries Trade

Copenhagen BERLINGSKE TIDENDE in Danish 30 Apr 84 p 6

[Text]

1 Danmarks samhandel med Statshandelslandene og Jugoslavien i perioden 1981-1983

2 Mill. kr.	EKSPORT			IMPORT			BALANCE		
	1981	1982	1983	1981	1982	1983	1981	1982	1983
3 Albanien	2,7	8,4	13,2	1,6	0,6	1,0	1,1	7,8	12,2
4 Bulgarien	52,8	61,2	135,2	28,8	83,4	38,3	24,0	-22,2	96,9
5 Cuba	55,8	50,6	51,6	19,1	4,7	11,3	36,7	45,9	40,3
6 DDR	345,1	253,6	364,1	1014,2	1336,0	1631,8	669,1	-1082,4	-1267,7
7 Jugoslavien	451,2	334,4	390,6	165,6	273,9	352,0	285,6	60,5	38,6
8 Kampuchea	0,7	0	0,5	-	0	-	0,7	0	0,5
9 Kina	249,8	1122,7	540,7	454,8	487,7	883,4	-205,2	635,0	-342,7
10 Laos	0	0,3	0,0	0	0,1	5,2	0	0,2	-5,2
11 Mongoliet	1,0	1,5	1,0	0,2	0,3	0,3	0,8	1,2	0,7
12 Nordkorea	4,2	2,0	7,4	1,5	1,1	1,0	2,7	0,9	6,4
13 Polen	440,8	446,0	450,5	762,9	903,4	1002,0	-322,1	-457,4	-551,5
14 Rumænien	76,0	42,0	53,0	101,9	156,0	117,7	-25,9	-113,0	-64,7
15 Sovjetunionen	666,4	728,6	700,5	2020,3	2729,1	2474,1	-1354,9	-2000,5	-1773,6
16 Tjekkoslaviet	200,0	204,1	217,8	391,6	515,1	536,0	-191,6	-311,0	-318,2
17 Ungarn	295,6	305,1	292,4	254,2	293,7	354,2	41,4	11,4	-61,8
18 Vietnam	13,4	75,9	14,1	0,7	0,1	1,0	12,7	75,6	+13,1
Total	2854,3	3636,4	3232,6	5217,4	6784,2	7409,3	-2363,1	-3147,8	-4176,7
16 Ændring i forhold til året før ...	-5,0%	27,4%	-11,1%	-17,0%	30,0%	9,2%			
17 Andel af samlet dansk udenrigshandel	2,5%	2,8%	2,2%	4,2%	4,8%	5,0%			

18 Kilde: Danmarks Statistik.

1) Danish Trade with State-Dominated Economies and Yugoslavia, 1981-1983

2) Millions of Kroner Export Import Balance

3) Albania

4) Bulgaria

Cuba

5) German Democratic Republic

6) Yugoslavia

7) Kampuchea

8) China

Laos

9) Mongolia

10) North Korea

11) Poland

12) Roumania

13) Soviet Union

14) Czechoslovakia

15) Hungary

Vietnam

Total

16) Change compared with previous year

17) Percentage of total Danish foreign trade

18) Source: Danish Statistics

More Details on China Loan

Copenhagen BERLINGSKE TIDENDE in Danish 2 May 84 p 7

[Article by Jorgen Siegumfeldt: "One-Billion-Kroner Danish Loan Package to China: Four-Year Aid and Loan Agreement to be Signed at End of Year"]

[Text] Provided that the Finance Committee approves Denmark and China at the end of this year (or in the beginning of 1985) will be able to conclude negotiations on an aid agreement which includes a "mixed" loan package of over one billion Danish kroner for the development of industrial projects, particularly in the north of China.

The loans include 400 million kroner in government loans, supplemented by commercial export credit in the amount of 600 million kroner. In addition, they include "pure" government loan appropriations to industrial projects in the amount of approximately 50 million kroner--amounting to a total package, then, of 1,050,000 [as published; should be 1.05 billion] kroner in all. Among the projects which will be funded by this new loan package are the construction of a cement factory, the expansion of the sugar industry, research centers for the dairy industry, grain farming and swine raising. The export credit, which will be used for purchases in Denmark, will be used (among other things) for refrigeration facilities, various instruments and technology transfer, including plants for changing over from oil energy to coal.

Denmark has previously given China government loans, in 1982 and 1984. The loans amounted to 125 and 150 million kroner respectively--and they involved at the same time some 170 million kroner in export credit. The new agreement runs for 4 years and will therefore actually amount to about the same scope as the previous aid agreements.

The negotiations concerning the new agreement began in Beijing last September, and continued in Copenhagen last week in connection with the visit of the Chinese vice-minister for foreign trade, Wei Yuming. The last round of negotiations will begin in September, and the agreement is expected to be finally signed approximately eight months from now.

At a press conference at the Foreign Ministry yesterday, the Chinese minister expressed his satisfaction at how the negotiations had been proceeding. Wei Yuming at the same time took the opportunity to invite Danish businessmen to become involved in joint ventures in China's new economic zones in the coastal regions. He also stressed that China was currently in the process of preparing new laws which would make it more attractive for foreigners to invest in China.

9584

CSO: 3613/153

BUDGET PROPOSAL ASSUMES ZERO GROWTH, LOWER DEFICIT

Trade Balanced by 1988

Copenhagen BERLINGSKE TIDENDE in Danish 16 May 84 p 7

[Article by Lisbeth Knudsen]

[Text] The Danish economy is moving forward and unemployment and the trade deficit are on the way down. A strong economic upswing is expected in the coming years. If it is utilized properly and is accompanied by austere economic and income policies, this upswing will bring Denmark a bright future within 4 years. The trade deficit would be eliminated and unemployment reduced by 45,000, despite an increase of 50,000 in the work force over the same period.

These were the conclusions of Finance Minister Henning Christophersen in a new budget report, which was presented to parliament yesterday.

The report stressed that these positive results would be dependent on tight controls over public expenditures. In addition, wage settlements in Denmark would have to be considerably below the 5-percent increases expected in other countries during the coming years.

Despite the alarming figures for the balance of payments during the first part of this year, the government still expects a deficit of 12 billion kroner for the year as a whole.

In his report, the finance minister stressed that finance policies and, thus, restraint in public expenditures must be firmly maintained.

The estimated deficit for 1985 is 10 to 11 billion kroner. Equilibrium in the balance of payments is expected only in 1988, despite a significant increase in anticipated exports, because interest payments on the enormous national debt will continue to be burdensome.

The interest payments also mean that the deficit in the state budget can be reduced only over a long period of time. The finance minister stated that we will "remain vulnerable to reversals in the economic trend."

According to Henning Christophersen, if the government achieves its goal of

zero growth in public expenditures during the coming years, it will be possible to reduce the share of the budget deficit in the gross national product from 9.0 percent this year to 3.4 percent in 1988.

If public expenditures are held down, it will be possible to reduce taxes by 1988. If, on the other hand, public expenditures rise, it will be necessary to increase taxes, according to the finance minister.

A mere 2-percent annual increase in public expenditures will mean that, by the year 2000, real disposable incomes will be no higher than they are today and, thus, will be considerably lower than they were during the 1970's. While it now seems likely that real wages will drop by 1 percent, if public expenditures are held in check it will be possible to increase real wages in the long run. The government already has announced plans for severe restrictions in public expenditures during 1985, according to which they would remain at this year's level. In reality, increased expenditures of 5 billion kroner were needed, but cutbacks in other areas made up for this amount.

The budget deficit is expected to drop from 50 billion kroner this year to 45 billion next year, but only because an advance in the annual statement from the tax office will provide an additional 5 billion kroner in revenues to the state.

According to government estimates, unemployment in 1985 will be 10,000 lower than the average for this year.

"The coalition government's first 1.5 years can be characterized by a reduction in public expenditures. Thanks to a firm ceiling on expenditures and certain new priorities it has been possible, in limited areas, to carry out reforms that can actively support economic growth, thereby reducing the deficit in the balance of payments and in the state budget, as well as reduce unemployment."

"But it is an extremely demanding economic and political task to maintain this trend over a period of years."

"If we ease up on our economic policies, the balance of payments problem will threaten the Danish economy once again," the finance minister concluded in his report.

Austerity Campaigns No Longer Effective

The austerity campaigns that recur every year cannot bring about zero growth in public expenditures during the coming years--stronger tools will be needed.

"Each year the growth in expenditures has been greater than anticipated," Finance Minister Henning Christophersen said.

Politicians, public employees, and the people in general believe that enormous cuts are being made, but this is not the case in reality.

The government planned a 3-percent reduction in public expenditures this year. Instead, there will be a 0.5-percent increase. The finance minister stated with satisfaction that this was still a 2.5-percent lower rate of growth than last year. Next year and in the years to come, however, the government's goal will be a zero growth rate in expenditures.

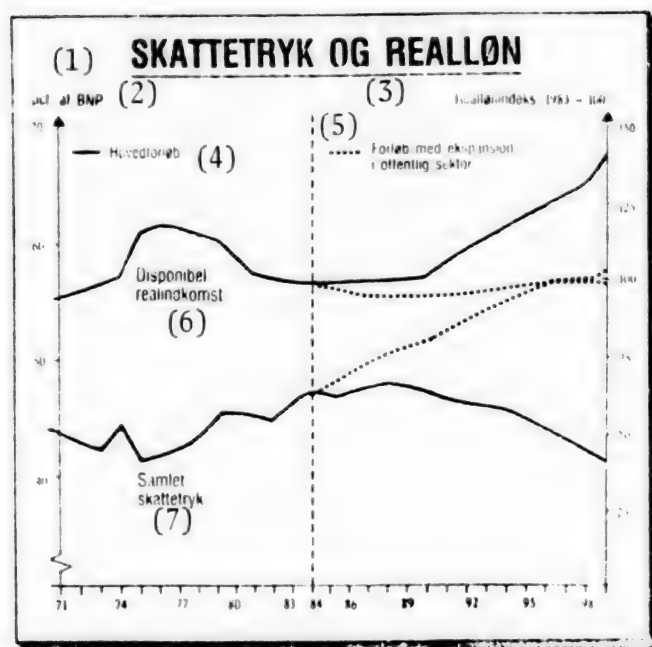
Austerity campaigns have managed only to "release some of the pressure, but they have not resulted in the planned level of expenditures over longer periods of time," the finance minister said. The limited influence of budget cuts has been due to public pressure for better social services, pressure from public employees to be able to serve the people better, and concrete needs that have resulted from social trends, for example an increase in the number of elderly citizens and extra funds to combat youth unemployment.

Finally, from the time a budget is proposed until it is actually approved, there are hidden increases in expenditures that balance out the budget cuts, but do not reduce the overall impression of cutbacks, according to the finance minister. In 1984 alone, these increased expenditures amounted to 7 billion kroner.

For 1985 the government has decided that public expenditures will remain at this year's level of 185 billion kroner. In addition, there will be a new budget system with a spending ceiling for each individual ministry. If the individual ministries exceed their budget ceiling, cuts will be made immediately to compensate for the difference.

Savings also will be required if a ministry imposes extra expenditures on municipalities which result in additional block grants or other compensation from the state.

This system of ceilings will not guarantee that the goal for total public expenditures will be reached, but it will be easier to achieve satisfactory results if the political desire to utilize this system is present, the finance minister stated.



If public expenditures increase by 2 percent annually, taxes in the year 2000 will be 12 percent higher than today. With zero growth in public expenditures, taxes would be reduced by 5 percent. Real wages would be affected similarly by the size of public expenditures.

Key:

1. Taxes and real wages
2. Percent of GNP
3. Real wage index, 1983 = 100
4. General trend
5. Trend with expansion of public sector
6. Real disposable income
7. Total taxes

Paper Comments on Proposals

Copenhagen BERLINGSKE TIDENDE in Danish 16 May 84 p 12

[Editorial: "The Will To Slow Down"]

[Text] The Finance Ministry's Budget Report for 1984 (BR 84) clearly shows the enormous difficulties involved in controlling public expenditures. While the government managed to slow down the growth rate of public expenditures in 1983, there is little chance that expenditures will drop by 3 percent, measured in fixed prices, during the present year, which was the original goal

of the government's reconstruction plan. Thus, compared to the original goal, there has been an increase in expenditures of almost 7 billion kroner. This is because several planned austerity measures were not carried out and a number of additional expenditures arose.

This trend confirms the basic tendency toward a 3 or 4-percent annual increase in public expenditures. Economic and political measures that will be seen as extremely harsh will be required to reverse this trend over a long period of time.

As a result, it is extremely important that the government continue working to control public expenditures. This presupposes a political will to slow down the trend. On a positive note, the compromise reached in April between the coalition parties and the Radicals was a step in the right direction. It is also important, however, that new control mechanisms be developed to slow down the automatic growth in the public sector. Such measures are proposed in the finance minister's modernization program for the public sector. It should be pointed out that the recently introduced system of spending systems for the individual ministries may help control spending in individual areas. This is assuming, however, that throughout the fiscal year great restraint will be exercised in granting permission to exceed these ceilings.

A projection of the situation up to the year 2000 contained in BR 84 demonstrates how important it will be to eliminate increases in public expenditures. With zero growth in public expenditures, it will be possible to reduce taxes and increase real disposable income by about 35 percent, if we assume that, in addition to a balanced budget, we achieve a modest surplus in our trade balance, which would gradually reduce our foreign debt. If, on the other hand, public expenditures increase at an annual average of 2 percent--which would be a modest rate, compared to the 1960's and 1970's--taxes would have to be increased by almost 12 percent by the year 2000 and real disposable wages would remain at the 1983 level.

It is highly unlikely that the people would be satisfied with the stagnation in the private economy that even a relatively modest increase in public expenditures would cause. Thus, the most important message contained in BR 84 is that the government and parliament must maintain and strengthen their efforts to limit public expenditures.

9336

CSO: 3613/164

'PROGNOS' REPORT OPTIMISTIC ON FRG ECONOMY THROUGH 1990's

Hamburg DIE ZEIT in German No 18, 27 Apr 84 p 39

[Review by Michael Jungblut of book "Die Bundesrepublik Deutschland 1985/1990/2000--Die Entwicklung von Wirtschaft und Gesellschaft in der Bundesrepublik und den Bundeslaendern bis 2000"[The Federal Republic of Germany 1985/1990/2000--The Development of the Economy and Society in the Federal Republic and the Laender through 2000] by Peter Hofer, Stefan Rommerskirchen, Detlev Franzen and Heimfrid Wolf, Horst-Poller-Verlag 1983, 315 pages DM550.]

[Text] Long before the violent conflict about the 35-hour week, early retirement and other types of cutting the work week began, the contracting parties might have learned about the outcome. It would have been enough simply to look it up in Prognos: In 1985 Germans will work an average of 1,685 hours; in 1990 no more than 1,605 per year; at the end of the millenium 1,435 annual hours will be enough to achieve a 68 percent greater total economic performance than in the early 1980's. At the present time the average work time still amounts to 1,768 hours. At the same time unemployment will drop from 2.4 million now to 1.55 million in 1990 and, another 10 years later, we will again achieve the fondly remembered full employment standard with only 400,000 unemployed.

This and much else may be gleaned from Prognos Report No 11. This is also the third comprehensive report on Germany issued by Prognos AG (domiciled in Basel). The third report is also the first to be published as a book at a lower price. The relatively few copies of its two predecessors went to government agencies, major corporations and other institutions able to afford the money to finance such a study. Still, the section of the text of the latest forecast now published by the Stuttgart Poller-Verlag cannot properly be described as a "popular edition." At DM550 for 315 pages, the book is still expensive. In Basel it is therefore described as a "book for employers"--and not only because of its price. The larger edition at an affordable price is designed to allow small and medium-size companies to also inform themselves about development trends.

The Federal Republic of Germany 1985/1990/2000--The Development of the Economy and Society in the Federal Republic and the Laender through 2000, by Peter Hofer, Stefan Rommerskirchen, Detlev Franzen and Heimfrid Wolf. Horst-Poller-Verlag 1983, 315 pages, DM550.--.

Horoscopes are sometimes introduced by the words "the stars favor, they do not compel." The same words might well serve as an epigraph for all attempts at a scientific forecast of future economic events. Their authors are not prophets who are mysteriously able to see the future. They are unable to foresee an oil price crisis, political upheavals or even wars which wreak havoc among their computations. Nor are forecasters politicians who state targets and are then able to concentrate all forces on their achievement. They must start from the facts as they are. They may include trends, use computers able to extrapolate the future on the basis of available data and plausible expectations--that is all.

Still, that is a lot more than most of our contemporaries do, whether politicians, labor unionists, employers or reporters, who are usually inclined simply to extend current experiences or long for a return to the "good old days." When full employment, strong economic growth and price stability prevail for a few years, this is considered just as much "a fact of life" as, vice versa and after a period of adjustment, a high unemployment rate, little income growth or a higher rate of inflation.

Full Employment in 16 Years?

Earning Potential, Gainfully Active Persons and Labor Market Balance (in millions)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Jahr	Erwerbspersonen	Erwerbstätige im Inland	Erwerbstätige Inländer	Erwerbslos*	Registrierte Arbeitslose	Stille Reserve + stat. Differenz*
1973	27,4	26,6	26,7	0,7	0,3	0,5
1974	27,3	26,1	26,2	1,1	0,6	0,6
1975	27,0	25,3	25,3	1,6	1,0	0,6
1976	26,9	25,0	25,1	1,8	1,1	0,7
1977	27,1	25,0	25,0	2,0	1,0	1,0
1978	27,2	25,1	25,2	2,0	1,0	1,0
1979	27,6	25,5	25,6	2,0	0,9	1,2
1980	28,1	25,8	25,8	2,3	0,9	1,4
1985	29,2	25,6	25,7	3,5	1,8	1,7
1990	29,1	25,8	25,8	3,3	1,5	1,8
2000	27,4	26,2	26,3	1,1	0,4	0,7

Key:

1. Year
2. Gainfully active persons
3. Persons gainfully active in the FRG
4. Gainfully active natives
5. Not gainfully active persons
6. Registered unemployed
7. Latent reserve + statistical difference

Sources: Prognos Report, figures rounded off.

It is therefore the most important function of forecasts such as the one to hand to indicate the forces that always make for change and movement: Changes in the demographic structure, technical advances, new competitors on the world market, changes in population values, foreseeable surpluses or shortages of some raw materials. Particularly impressive in the Prognos Report is the extent to which it includes changing attitudes and value judgments of the population as a whole and, in particular, the young generation and women in its analysis. After all, it is vitally important for every attempt at estimating total economic developments and the situation of the labor market in the next 15 years to know how, in future, priorities will be arrived at when the decision is made for more children or more consumption, or how women's attitudes to job will change, when young people set up their own household, whether the attitude to the performance principle is going to change fundamentally.

The authors of the report on Germany have included these and many other influential factors in their reflections and computer programs. Nevertheless (or, perhaps, just because of that) they do not arrive at an image of the future, that is marked by trendy pessimism. They view the FRG as engaged on another bout of growth, promise more good times in the 1990's especially to consumers, investors and exporters and, in the long run, are by no means pessimistic with regard to the labor market. Strong impulses are seen to arise from new techniques and procedures, new materials and the communication sector. Instead of killing off jobs, these will turn out to provide more employment and rising incomes--while permitting working hours to be lowered further: An average 3.6 percent rise in productivity in the second half of the 1980's and 3.8 percent in the 1990's will (hopefully) make this possible.

Of course this also has a price: "Coupled with this development is a change in the job structure, which will challenge professional qualifications (training and further education), the flexibility and mobility of corporations and the organizational abilities of managements," the authors warn. "Corporate, industrial and indeed national development opportunities will depend progressively less on traditional resources (energy, raw materials, labor, capital) than on the combination of organizational skills, creative intelligence, rational manufacturing techniques and market-appropriate distribution."

From these aspects they studied not only the development potential of several economic sectors (from mining via the chemical industry, data processing, vehicles and plastic goods down to small businesses--33 various sectors), but also the development of exports and imports, the demand for housing, clothing, energy, services or education and entertainment. Also illuminated is the different development in the federal Laender: Even though the Prognos Report tends to be rather optimistic about the future, not all regions of the FRG will participate equally in the positive development. In the opinion of the Basel scholars, the proportion of persons gainfully employable will be even lower at the end of the century in Hamburg and Bremen than in 1980; North Rhine-westphalia and the city Laender will continue to lag behind.

It would certainly be just as instructive and necessary for the responsible politicians in these regions as for the employers in the various industries to take a look at the trend of developments.

Not at All a Poor Outlook

Economic Growth, Gainful Activity and Labor Market Balance

(2)	(1) Jahr			
	1980	1985	1990	2000
Bruttoinlandsprodukt (Mrd. DM, in Preisen von 1970)	895,14	998,30	1.137,80	1.505,40
3) Produktivität je Erwerbstätigenstunde in Mark	19,84*	23,10	27,51	39,99
4) durchschnittliche Arbeitszeit je Erwerbstätigen in Stunden	1.755*	1.685	1.605	1.435
5) Bruttoinlandsprodukt je Erwerbstätigen in Mark	34.720	38.920	44.160	57.380
6) Erwerbstätige im Inland in 1000	25.779	25.650	25.765	26.235
7) Erwerbstätige Inländer (1000) davon: Arbeitnehmer (1000)	25.833 22.337	25.705 22.500	25.820 22.730	26.290 23.140
8) Erwerbspersonen Inländer in 1000	28.109	29.246	29.129	27.400
9) registrierte Arbeitslose in 1000	889	1.850	1.550	400
10) Stille Reserve und statistische Differenzen in 1000	1.388	1.691	1.759	710
11) Stille Reserve nach IAB in 1000	587			
12) Wohnbevölkerung (1000)	61.658	61.725	61.499	60.353
13) registrierte Arbeitslosenquote in Prozent	4,0	8,2	6,8	1,7

Key:

1. Year
2. Gross domestic product (billion DM at 1970 prices)
3. Productivity per hour of gainful activity in DM
4. Average working hours per gainfully active person
5. Gross domestic product per gainfully active person in DM
6. Gainfully active persons in the FRG in 1000
7. Gainfully active natives (1,000)
Including: employed persons (1,000)
8. Native labor force (1,000)
9. Registered unemployed (1,000)
10. Latent reserve and statistical differences (1,000)
11. Latent reserve according to IAB (1,000)
12. Residential population (1,000)
13. Registered unemployment rate (percent)

* Estimate; Source: Prognos

11698

CSO: 3620/315

ARSENIS ON BUSINESS, TRADE FINANCING MEASURES

Athens | KATHIMERINI in Greek 18 Apr 84 p 9

/Text/ Minister of National Economy Ger. Arsenis announced yesterday in Salonica measures for the financing of merchants and tradesmen.

With regard to commerce, which was financed indirectly through industry, Arsenis said:

"1. Until now the margin of profit for a commercial bank from loans to commerce was considerably lower than from a loan to industry or handicrafts. With appropriate arrangements by the Bank of Greece this system will cease and the financing of commerce will become at least as profitable as the financing of industry and handicrafts. In fact, to promote more actively the change of the system for a transitional period until the end of the year the profitability of loans to commerce will be higher than those to industry.

"2. Commerce is at a disadvantage compared to industry in terms of its ability to provide security in the form of mortgages, collateral on machinery, etc. The commercial assets can be offered as security but only if the creditors can take physical possession of the merchandise or raw materials. Of course, it is not feasible for the merchant to have the merchandise immobilized in a warehouse when the materials are subject to daily transactions. For this reason, the government introduces the possibility of giving collateral without physical possession.

"This is known as a chattel mortgage and is a system used extensively abroad. It is belatedly introduced in our country, but in this way a significant weapon has been given to the merchant and tradesman and a real disadvantage is lifted. Already we move to the necessary legislative arrangement.

"3. To more actively support healthy commerce and the local production, an interest rate of 20.5 percent is set for financing commercial purchases of domestic products. This rate is one percent lower than the present and will be for a transitional period until the end of the year.

"4. The loans will be given in the form of a double-line check paid to the order of the industrial or handicraft enterprise producing the products.

"5. Finally, an arrangement is being adopted related to the financing of the

business premises, machinery, etc. The maximum amount of financing by the banks is being doubled from 3 to 6 billion drachmas. The maximum for each bank is adjusted accordingly."

Within 20 Days

Arsenis said the following about tradesmen and small businessmen:

"1. There is an effort to simplify and speed up the process for financing the tradesmen and to combat red tape which often delays without excuse the necessary action.

"a. It is known that the banks have an obligation to accept the applications for the financing of small-scale industries and to reply with a justification within 20 days. From now on we will closely follow these procedures to make sure they are faithfully observed. For this reason all applications shall be made known to the subcommittee on small-scale industry financing which will have the task of supervising compliance with these deadlines. This bank obligation will be specifically mentioned on the application form for the loan.

"b. The maximum financing from the special fund which does not require approval of the subcommittee is expanded from 5 to 10 million drachmas. It must be emphasized at this point that the banks, in order to evaluate a request, will have to take into account all factors which define the necessity for the loan, the prospects of the enterprise, and its ability to repay the loan. No single factor can be sufficient to justify rejection of the application.

"c. The subcommittee will examine all cases in which a bank has refused a loan. If the subcommittee finds that the denial is not fully justified, it will advise the bank to re-examine the case.

"In any event, the decision of the subcommittee is binding for the bank for the portion of the financing which is 100 percent guaranteed by the government.

"2. The composition of the subcommittee is being expanded. Currently, it includes an employee of the Bank of Greece, a representative from the tradesmen, banks, and the Ministry of Finance. Also, a representative from the Ministry of National Economy is being added. This expansion was deemed necessary in order to have the participation in the evaluation procedure of an official with expertise in developmental issues and in closer contact with the development goals of the economic policy.

"3. The committee of small-scale industry financing has the obligation to examine all the cases submitted to it and to reply in writing and with justification within 20 days.

The Cooperation

"4. To promote cooperation between the banking system and the small- and medium-size businesses and to supervise the response of the banks to the needs of the tradesman, a new committee is being established. This committee will be composed of representatives of the Ministry of National Economy, the Hellenic Organization of Medium- and Small-Size Enterprises and Handicrafts /EOMME/, tradesmen, and the banks. Its headquarters will be in the Ministry of National Economy. It will not examine individual cases but the overall performance of the system of committees and subcommittees for small-scale industry financing and of the local bank branches. It will recommend to the Ministry of National Economy measures for the simplification and improvement of the procedures for the financing of small-scale industries.

"5. The sums to be subject to government guarantees are increased. Specifically, a 100 percent guarantee will be given to loans up to 3 million drachmas (instead of the current 2 million), an 80 percent guarantee to loans from 3 to 6 million drachmas, and finally, a 60 percent guarantee will be given to loans of more than 6 million.

The Guarantees

"6. The government guarantee is considerably broadened in the case of exports of small-scale industries. Specifically, an irrevocable credit in the name of small-scale enterprise is financed up to 80 percent exactly as it is done today. But in the future the government guarantee will cover 100 percent for loans up to 15 million drachmas and 60 percent for larger loans.

"To avoid any diversion of funds, at least 30 percent will be given in the form of checks payable to the suppliers of raw materials. They are also given the premium of Law 1574 and the return of interest after the exchange of foreign currency into drachmas.

"7. The maximum limits of financing for certain categories are raised. Specifically, the financing for the purchase of a finished workshop may go up to 8 million (instead of the current 5 million) and to 12 million (instead of 8 million) if it is located in an industrial area. In the case of operating capital, the tradesman will be able to get financing either equal to 30 percent of the gross income of the previous year (as is the case today) or to 30 percent of the last 12-month period. This will facilitate the operation of enterprises which grow rapidly from one year to the next.

"8. We have repeatedly found that while some banks exhaust their reserves earmarked for the financing of small-scale industries, many others have considerable reserves unused. For example, at this moment, 15 percent of the funds remain unused. From now on the Bank of Greece will inaugurate a system of obligatory intrabank borrowing regulated by the bank which will also set the interest rate, in order to see that the funds are fully utilized.

Promoting the Products

"9. It has also been found that the small-scale industries have a serious problem in marketing their products. For the first time special steps will be taken to promote these products. Specifically:

"a. It is allowed to finance merchants for the purchase of such products (from enterprises which are members of the local Chambers of Craftsmen) from the special fund and at an interest rate which is one point lower than that charged for the financing of commerce (i.e., 19.5 percent until the end of 1984).

"b. For this reason the special fund is increased from 9 to 10 percent of the bank deposits. If it is found that there is increased demand and the available funds are not sufficient, the special fund will be increased to 11 percent.

"c. There will be no government guarantee for this type of financing--the maximum will be 10 million per merchant and the total cannot exceed 2 percent of the 10 percent earmarked for the special fund.

"10. The above are extended to small businessmen. In this way, side by side with the other measures for commerce which cover the small businessmen they, too, acquire for the first time access to the banking system.

"11. With regard to loans which are due, both in the case of industry and small-scale industry, the recent decision is known. The banks are allowed to make arrangements for such loans on the condition that the enterprise is viable. The arrangement takes the form of a new loan with an 8-year maximum duration and an 18.5 percent interest rate for small-scale industry enterprises. In this way, the causes which derive from the recession which prevailed for a period of time in most markets are not allowed to hinder the proper operation and further development of certain enterprises.

"Specifically for the small-scale industry, an added measure is being adopted. If such an enterprise has not exhausted the maximum financing level in each case (for example, 30 percent of gross in the case of operating capital) the bank is allowed to continue financing from the special fund (until the limit is exhausted) even when loans are due. The small-scale enterprise may ask for an extension of the financing from the special fund and to combine it with the loans currently due."

7520

CSO: 3521/243

IMPLEMENTATION OF MODERN BANKING SYSTEM URGED

Athens | KATHIMERINI in Greek 27 Apr 84 p 9

/Text/ "We need industries which are internationally competitive. We need establishment of new industries. In any event, we need a sound credit system and a modern banking system capable of supporting the above efforts." This was the main point in a speech yesterday by St. Panagopoulos, the governor of the National Bank at the Propeller Club on "Banking and the Greek Economy" in the presence of a large number of businessmen and other economic leaders. Panagopoulos, however, hastened to note that the modernization of the banking system requires state assistance and asked the government specifically to re-evaluate the entire complex of credit regulations and arrangements in the light of the extensive experiences of the past.

The major part of the speech was devoted to the efforts of the National Bank to bring back to health the overindebted enterprises, underlining again that the activities of the National Bank are by necessity limited and that because of the dimensions of the problem it is necessary to have the aid and cooperation of the state in order to deal with it effectively and conclusively.

At the outset of his speech, Panagopoulos spoke of the difficulties facing today the country's banking sector, which are related to the unsatisfactory economic developments of the last 10 years. Commenting on the current problems and on the manner in which the bank deals with them, and on the policy orientations which will protect us from the possibility of encountering similar situations in the future, the governor said, in part:

"No doubt the difficulties of the Greek economy in the last few years unfavorably affected the operating conditions, results, and the composition of the assets of the commercial banks. At the same time, they brought them face to face with a series of pressing problems including that of the overindebted enterprises, which is particularly acute because of its broader economic and social repercussions.

"These enterprises, which account for a large part of the processing sector, have tied up for a long time a significant volume of banking funds with adverse effects not only on the liquidity and efficiency of the banks but also on the sound operation of the overall credit cycle.

"Although the problem of the overindebted enterprises came to the fore relatively recently, it will be a mistake to limit its reasons to the context of the adverse economic developments of the last few years. The truth is that its roots go far into the past and they must be sought in the serious structural weaknesses which mar the overall postwar effort for the country's industrialization.

"In any event, it will be unfair to put the blame for the stalemate of these enterprises only on the errors of governmental policy, or on the activities of the business community. The banks do bear a significant share of the responsibility, resulting from a whole series of unwise actions or omissions.

"Large-scale financing, moreover, of investments in branches which were evidently not destined for successful progress, is a case in point. On the other hand, the practice, or at least the acceptance, of financing long-term projects with short-term capital and the absence of mechanisms to supervise their utilization by the enterprises contributed, no doubt, to the overindebtedness of many of them.

"I would like to note at this point that a decisive role in bringing about this situation was played by the hierarchy placed by the banks in the criteria for evaluating the enterprises, which gave particular emphasis to real estate collateral. These observations lead, I believe, to the conclusion that in addition to taking steps to deal with the thorny problem of the overindebted enterprises, equally important in terms of priority for the banking system is the development of mechanisms and of policies which will prevent the reappearance of the problems in the future.

"Indeed, this is the core of the challenge the country's commercial banks are called to take up today.

"The National Bank has already responded to this challenge by implementing a strategy whose dimensions have wider significance for the banking system and the economy as a whole.

"Thus, with regard to the overindebted enterprises, the bank continues to offer help to those which were judged to be viable, taking care to avoid the mistake of judging them only in light of their current economic conditions. With measures to restructure their capital composition (by exchanging debts for stock, restructuring old debts, and securing the flow of necessary capital) the bank shouldered, by itself and for an exceptionally long time, the burden of sustaining all these enterprises in order to provide the time necessary to set in motion the process for economic upturn. But the National Bank has limited capabilities for such activities. Because of the dimensions of the problem it is necessary to have the aid and cooperation of the state for its effective and conclusive handling.

"To avoid the future reappearance of such problems, it is imperative to avoid the erroneous practices of the past. Thus, we tried the application of a new

idea as concerns the hierarchy in our financing criteria, by shifting the emphasis to the viability and developmental dynamism in conjunction with the evaluation of the quality of their management. In addition, we paid particular attention to the systematic supervision of the utilization of the loans being granted in order to prevent undesirable diversion to speculative activities and to assure the prompt payment of maturing obligations.

"The picture of our financing strategy is completed with the sound recognition of the significance of the small and middle-size businesses in the expansion of the country's industrial base and the renewal of its entrepreneurial potential. The major increase of our small business loans is indisputable proof of our interest in promoting these enterprises.

"We expect the effects of this strategy to be beneficial in many ways, not only for the bank itself, but for the economy as a whole. I already underlined the need for cooperation between the bank and the state on the question of failing enterprises. Perhaps it is not necessary to emphasize that we do not see the role of the state to be limited to this area only. In addition to creating the necessary conditions for the economic upturn, it is necessary to re-evaluate the entire complex of credit regulations and arrangements in light of the rich experiences of the past, regarding their effectiveness and also their side effects on the normal operations of the financial markets."

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CS0: 3521/242A

ECONOMIC PESSIMISM IN BANK OF GREECE REPORT

Athens | KATHIMERINI in Greek 28 Apr 84 pp 1,3

/Text/ The observations and findings contained in the report of the Bank of Greece Governor Dim. Khalikias are devastating for the government's economic policy. Khalikias, rejecting the Arsenis myth that the Greek economy has presumably entered a stage of recovery, underlines that certain basic indicators remain stagnant, unemployment is high, inflation is persistent, and the deficit in current transactions large.

Specifically, Khalikias emphatically expressed the anxiety of the monetary authorities because of the situation in the balance of payments and in the area of inflation and underlined that these are the two basic negative factors in every effort to bring about the upturn of the economy.

As he emphasized, the big deficits in conjunction with the downturn in the net inflow of private capital, necessitated extensive foreign borrowing which led to the increase in the country's external debt from 3.3 billion dollars at the end of 1978 to 8.1 billion dollars at the end of 1983. At the same time, the cost in foreign exchange, for servicing the external debt as a percentage of foreign exchange revenues from exporting goods and services, increased from 8 percent in 1978 to 16 percent in 1983.

With regard to inflation, it was noted that the inflationary expectations and pressures on the side of cost continue to be strong and to feed the inflationary process. Today the insistence of inflation at a high level, which is twice as high as the corresponding average inflation rate in the EEC countries, leads to the continuing deterioration of the competitiveness of Greek products, both in the foreign and domestic market, and has an unfavorable impact on the balance of payments.

Of course, these harsh observations by the bank's governor do not lead to pessimistic thoughts nor do they show that the course of the economy is negative. Instead, Khalikias agrees with the government's forecast that in 1984 there will be some economic upturns which, however, will not result from productive investments but from the increase in private and public consumption, public investments, and the rise in farm production after the downturn of 1983. It is also expected that the international economic upturn will have a positive effect.

Khalikias, however, warns that the economy is not in a stage of upturn but only in a stage of recovering its health and that the necessary conditions for a real and more durable upturn have not yet been secured.

He suggests a coordinated macroeconomic policy which, provided it combines correctly the incomes' and fiscal policies with the monetary and credit policies, can deal effectively in less time and social cost with the stagflation and the deficits in the balance of payments and also create the appropriate conditions for a more lasting economic upturn and a steady improvement in the standard of living.

Unpleasant Developments

Reliable economic circles said the report of the governor of the Bank of Greece is a serious and responsible document which in these difficult conditions finds the courage to note, first, unpleasant developments which remove illusions and self-satisfaction for the supposedly automatic return of the Greek economy to the stage of recovery; second, errors in economic policy which resulted in delays in the stabilization of the economy; and third /to have the courage/, to make stern suggestions on the need for adjustments in economic policy which must be coordinated and not have one leg undercut the other.

More specifically, the same economic circles underline the following observations of Mr. Khalikias as having more general significance:

1. On Incomes' Policy. While he considers the 1983 incomes' policy as being on the right course, Khalikias does not conceal his fear that this year, as in 1982, will intensify the inflationary pressures. This year's incomes' policy--as he said--will lead to an increase of average labor compensation by 4 to 5 units, more than the inflation rate projected by the government (18 percent). Such increases, Khalikias emphasizes, at a time when productivity shows no increase, lead to unemployment, the reduction of the competitiveness of Greek products, make the upturn more difficult and contribute to the perpetuation of inflation. He concludes that it is prudent to incorporate and harmonize the incomes' policy in the context of an overall anti-inflationary strategy.

2. On the Policy of Freezing Prices, followed by the Ministry of Commerce, which leads to greater state deficits and mainly discourages investments since the businesses are forced into bankruptcy.

Khalikias said specifically: "It must be made clear that the delay in transferring the increase in the cost to the price, not the state subsidies, constitute a solution for combating inflation. In the case of goods and services offered by public agencies and enterprises, the delay in adjusting prices, when it results in very low or negative yields, discourages investments and retards the economic upturn."

3. On the Freezing of Business Profits, Khalikias boldly said that the profit margin is in many cases inadequate for the production of goods and discourages productive investments.

4. On the Foreign Exchange Policy, Khalikias criticized last year's error to tie the drachma to the dollar.

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CSO: 3521/242A

IMPACT OF CENTRAL BANK FREEZE ON REDISCOUNT CREDIT

Istanbul DUNYA in Turkish 7 May 84 p 1

[Text] The Central Bank placed a freeze on the credit it provides banks through commercial paper rediscounts. In a one-week period, the volume of credit banks receive in this way increased by only 92 million TL. At the same time, the amount of money in circulation, which was restricted when the International Monetary Fund was evaluating the economy, began an upward trend once more. Marked by an increase of 14.45 billion TL, the amount of money in circulation reached 721.364 billion TL.

Volume of Rediscount Credit Up by Only 92 Million TL

Starting the week of 20-27 April, the course rediscount credit was taking in Central Bank business transactions began drawing attention. The Central Bank placed a freeze on credit provided private banks through commercial paper rediscounting. One week earlier, the volume of rediscount credit stood at 236.532 billion TL. During the 20-27 April period, this figure increased by only 92 million TL, bringing the volume to 236.624 billion TL.

The Central Bank was seen to show greater tolerance with regard to the volume of rediscount credit for state banks, however. These banks increased their rediscounted commercial paper by 3.841 billion TL over the previous week, for a total of 78.12 billion TL.

Public Sector Credit Down by 1.4 Billion TL

The restriction placed on Central Bank credit had a noticeable impact on public sector credit. The Central Bank cut short-term advances to the National Treasury by 8.861 billion TL, bringing the figure down to 378.281 billion TL. Similarly, it cut the credits of State Economic Enterprises and Public Economic Establishments by 1.456 billion TL, resulting in a total of 223.621 billion TL. Thus, total credit facilities for the

Treasury, State Economic Enterprises and Public Economic Establishments stood at 641.548 billion TL as a result of an overall reduction of 10.317 billion TL.

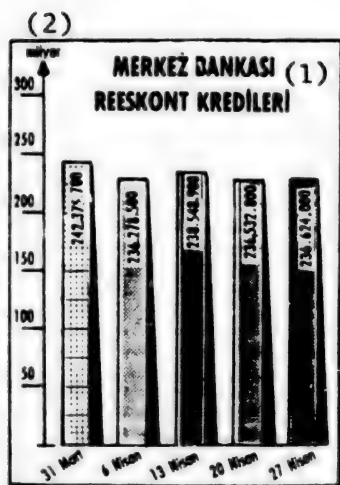
As the rediscount credit opportunities afforded private commercial banks came to a fixed level, an increase was noted in the banking system's use of advance credit on promissory notes. In the last one-week period on which information was obtained, the banking system increased advance credit on promissory notes by 3.542 billion TL, for a total of 12.673 billion TL. During the same period, the volume of medium-term credit the industrial sector received from the Central Bank expanded by 1.373 billion TL, reaching a total of 139.275 billion TL.

Agriculture Credits Up

During the 20-27 April period, agricultural sector financing, which had been at its lowest level in recent times just one week earlier, climbed back upward. While the Central Bank channeled 1.439 billion TL through the Turkish Agriculture Bank for the purpose of providing money to boost sales, Agriculture Credit Cooperatives provided 16.7 billion TL from producer support funds.

Despite continuation of the restriction on credits, deposits in the Central Bank showed an increase. In the last week, official deposits were up by 6.530 billion TL, for a total of 223.257 billion TL.

Likewise, the volume of bank deposits in the Central Bank increased by 10.92 billion TL, amounting to 38.336 billion TL. The bank deposits of private commercial banks were instrumental in achieving this increase. During this period, there was no significant increase in savings deposits, insurance fund deposits, or supplemental appropriations funds.



1. Central Bank Rediscount Credit.
2. Billion.
3. March.
4. April.

(3) (4)

12279

CSO: 3554/220

OZYORUK ON OFFICIAL'S PRAISE FOR TURKISH-LIBYAN TIES

Istanbul TERCUMAN in Turkish 7 May 84 p 5

[Editorial by Mukbil Ozyoruk: "Our Brother Libya"]

[Text] A Turkish 'authority' in the fullest sense of the word made the following comments while talking to me about Libya: "One of our workers in Libya will go and get himself into some unusual trouble... It's only human... Then you go and apply to some top-level Libyan official, appeal for clemency, say that the problem is not important, and ask the Libyans to overlook it this time... They accept your appeal, your request... They show us this brotherhood."

He continued: "The friendship and brotherhood that nations demonstrate for one another has a limit somewhere... We call countries our 'friend,' our 'brother,' etc... These words are repeated frequently in international relations. Certain countries also refer to us as their 'friend and brother Turkey.' Yet, even though I have spent a lifetime in international relations, I have never in fact seen in any country the 'friendship' and 'brotherhood' that the Libyans show us... Remember just a few years ago when we were having such hard times. We could not find a drop of fuel in Turkey. We could not operate our vehicles. We could not burn our heaters... Yes, both during those years and during certain other periods when we were temporarily experiencing serious financial problems, the Libyans-- never asking when or how we could pay and never taking a cent in advance-- filled our oil tankers to the rim and sent them back to Turkey. They even accorded us priority over others in doing so. There were no written agreements, no documents, no signatures... They sent these tankers on a single WORD."

This same Turkish official also remarked: "We were having problems in Turkey with respect to exports... We had goods, but we were unable to export them... The state needed the foreign exchange, and the merchants needed to export the goods and get rid of them... These problems of ours were brought to the

attention of the top man in Libya. He gave the order, 'Go and import as much as possible from Turkey...' "

My collocator went on: "Libya has always stood by us and by our citizens... For example, one of our contractors will finish a job in Libya, but will not want to be sent back home. It is impossible for him to remain there unemployed while awaiting a new contract. He will ask to be given additional work. Sometimes, he will even ask for a rather important job... You go and ask the Libyan government. You make an appeal. Often, yes very often, these requests of ours have been accepted and our businessmen have been given additional work..."

The man who told me all of these things is not the type that has his head up in the clouds. However, I can see no reason to say any more about him than this at the present time.

Here is the question I asked our 'authority in the fullest sense of the word': "Okay, but why is it that people say that there are also some problems between Libya and us that never make it into the newspaper columns?"

"They are exaggerating," he replied. "Just as we have many enemies, so does Libya. Turkish-Libyan friendship and solidarity in particular upset more international circles than you think. Just as we complain about not being able to be understood, Libya too has the same complaints. We SHOULD AT LEAST TRY TO UNDERSTAND these people who really do like us so much, and we CERTAINLY SHOULD UNDERSTAND them... They have their problems too, of course. Things are not easy... This country, with its population of less than four million, is trying to take its place in the world. It is fighting for its life. We Turks, who fought our own national struggle and set examples, should understand this better and faster than anyone."

The words of this 'realistic' and 'broad-minded' citizen of ours have made me do a lot of thinking... I am beginning to give him the benefit of the doubt more and more.

12279

CSO: 3554/220

ENERGY STUDIES CENTER TO BECOME POLITICALLY ACTIVE

Athens I KATHIMERINI in Greek 6 Apr 84 p 5

[Text] The "Center for Energy and Political Studies" is being activated in order to contribute to Greece by applying an energy policy which will benefit all of society in the Greek and European economies.

An announcement of the "Center for Energy and Political Studies" also emphasizes that the Center is seeking to become active in the political arena, with a view toward making the democratic system of government work smoothly.

The Announcement

"A decision has been made to activate the 'Center for Energy and Political Studies.'

"Because solving difficult problems or applying economic policy is related to political developments, we believe that our becoming active in the political sector by expanding the 'Energy Studies Center' into a 'Political Studies Center' as well will profit and constructively benefit all of society, and more generally the Greek populace. Just as, for example, the British were correct during the 19th century--when they were at their peak--in merging political science and economics into one subject: political economics. In opposition to this, a separation into economics or politics misunderstands the needs of today's society.

"Our purpose is to contribute to the smooth functioning of our democratic system of government and to make it stronger, on account of the world-wide economic crisis and the crisis in the EEC, and because all these comparisons have serious consequences on our economy, which is weak and 'parasitic' for the most part.

"The 'cold war,' which was kept going after the failure at Geneva on behalf of medium-range missiles and by the more far-reaching strategy of the well-known 'START' [expansion unknown], and which will be intensified during the next 5 years, and the serious changes in strategy which are going to follow as a result of 'cold war' policy have given birth to the new motives for the concerns expressed by those against nuclear weapons, the pacifists, the ecologists, those offering alternative proposals, and so forth, and who constitute the new element in democratic developments.

"This is why we believe that our political contribution--large or small--and furthering our ideas within the spirit of the European orientation will be useful, after the economic and political military pressure which Europe is getting, along with the existing inflation, unemployment, and backward technological development in comparison to Japan and the United States. This antagonistic policy has put Europe's economy, and Greece's by extension, to a tough test and we are experiencing particular anxiety and uncertainties due to our national economy.

"In the part, many of us have proven our willingness to fight for a 'national petroleum policy'--which unfortunately has not been carried out up till now--which will free the Greek people from the exploitation of foreign multinational petroleum companies. Consequently, we want to remain in the worthy forefront of those fighting not only for trade unions but also for policy."

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BULGARIAN ELECTRICITY CUT OFF OVER PRICE DISPUTE

Athens | KATHIMERINI in Greek 26, 27 Apr 84

/26 Apr 84 p 9/

/Text/ On 13 April Bulgaria cut off the electric current it provided our country because Greece refused to pay the 10 percent increase our neighboring country had asked for a long time ago. This disruption created problems for the Public Power Corporation /DEI/ because it was forced to cover its needs through local sources which at this moment are limited; the only available one being the Keratsini thermal station whose operation, however, was ended a few days ago by Energy and Natural Resources Minister E. Kouloubis.

Bulgaria is also refusing to settle the question of interconnecting the electric energy systems through the construction of certain projects as the agreement between the two countries provides.

The Greek side refuses to accept the 10 percent increase on the imported Bulgarian electric current because, as Minister Kouloubis said to his Bulgarian counterpart Iliev when he met in Athens on 12 April, "at this time Greece is trying to achieve a dollar decrease in the price of the electric current it purchases as well as similar decreases from other countries."

It is characteristic that after the categorial refusal of the Greek government on 12 April to accept an increase Bulgaria cut off the supply of current on the following day (13 April).

Our country is willing to pay for the electric current from Bulgaria at 5 drachmas per kilowatt hour.

The Bids

Following an order by Minister Kouloubis, bids for the construction of the hydroelectric station Thisavros of Nestos, whose cost is estimated at 13 billion drachmas, will be asked only from Greek companies. The minister said that many Greek companies have both the necessary equipment and personnel for such a project. Up until now all large DEI projects were exclusively assigned to foreign companies or to consortiums with Greek companies.

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/Text/ Minister of Energy and Natural Resources E. Kouloumbis said yesterday that the cut off of the electric energy from Bulgaria as a result of the increase in price by 6.5 percent--an increase which was disadvantageous to Greece--will not have any negative impact on the country's 1984 energy budget. He added that the area of Thrace which was supplied by Bulgaria will henceforth be steadily supplied by the Greek national grid and that the decision to stop the operation of the Keratsini thermal station will not be changed. He added that the country's 1984 energy budget is developing favorably and that there exist more economic alternate solutions than the Bulgarian one.

Kouloumbis said also that the agreement to purchase electric current from Bulgaria was of a purely commercial nature and it would be continued only as long as it would be of advantage to both countries. Therefore, he added, the friendly relations between the two countries in energy and other sectors will not be affected by the temporary disruption of importing Bulgarian electric current.

The minister said that in 1984 we can buy as much additional electric energy as we want from Albania, Austria, Yugoslavia and the Soviet Union at prices lower than those offered by Bulgaria.

Finally, he said that he will visit Bulgaria during the summer where he will discuss the question of energy intertransmission between the two countries since the exchange of electric energy between the two countries is to be resumed.

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FORMER POLLUTION CONTROL CHIEF ON BUREAUCRATIC SETBACKS

Athens 1 AVGI in Greek 21-22 Apr 84 p 7

/Article by Giorgos Mandzouranis/

/Text/ Red tape, which paralyzes everything in Greece, and the indecisiveness of officials are the basic causes for the delays in dealing with the infamous Athenian "cloud". As I listen to this view, expressed by a distinguished Greek expert, I am thinking how difficult it is for a scientist who is accustomed to working in advanced countries to undertake a responsible position in Greece, and not to be disappointed very quickly by the conditions and the pace of our public bureaucracies here.

I am talking with Dionysios Skiotis, one of the top environmental experts in Australia, professor of environmental chemistry in the University of Melbourne for the past 20 years. He was invited by the PASOK government to take the post of director of the Athens Environment and Pollution Control Program /PERPA/. He stayed in this position from May 1982 to October 1983 when he returned to his professorial post in Melbourne.

We met in downtown Melbourne and walked over to the Polytechnic School. He gave me a tour through the huge buildings with their different conception of a university and we reached his plain office. By then we had become friendly enough so that I did not hesitate to ask: They say in Athens that you were disappointed, you gave up in disgust and left. Is it true? He replied: "I went to Greece on a one-year contract which I extended for another 6 months. I never had any intention of staying for good, except of course if there were the proper conditions. Such conditions did not exist."

What difficulties did you encounter in your work as the director of PERPA?

Before I left Greece I gave a speech at the Technical Chamber, which was in a way a review of my work in PERPA. Probably it was published in the periodical TECHNICAL CHRONICLES. I said then, and I insist on this, that the main obstacle in our work was the terribly time-consuming and bureaucratic procedures of the civil service.

Give us some examples.

I could give you many illustrations but I will limit myself to two. It took me 5 months to hire 2 electronic experts who were indispensable, to install and operate the very advanced new network for measuring atmospheric pollutants. The American experts who trained the team of this network were full of praise for these two professionals. One of them was paid after a 7-month delay!

The second case: Study No 13 defines the contribution of the various agents to the cloud through an experimental method used abroad. For example, we could at last define what is the contribution of the pollutants from the Elefsis and Thriasion Plan in general to the Athenian cloud. The study should have started theoretically in November 1982. A lady chemist, a basic cadre to the study, was hired in May 1983. Her prearranged gratis training for 2 weeks at the best laboratory of applied environmental chemistry in Belgium, which should have started at the beginning of June, had not started when I left Greece.

Can you tell me how a similar agency operates in Melbourne?

The corresponding agency in Melbourne was established in the early 1970s, i.e., approximately the same time as PERPA. In this period much more has been accomplished. Two factors account for the difference in efficiency. The first is the existence of political will. I think this now exists in Greece. The second is the absence of red tape. I gave you the illustration of the chemist who went abroad for training after a year's delay. Precisely for the same training I went to Italy after the termination of my contract with the Greek state. My superior at the Melbourne Polytechnic School took 5 minutes to decide and to let me know immediately.

In other words, since the problem of the cloud is pressing, and this is recognized by the Greek government, the agency against the cloud must be made independent. The administrative regulations which account for the terribly time-consuming procedures must be replaced by simpler procedures.

The Automobile

On the ninth floor of the new building of the Melbourne Polytechnic School where Skiotis' office is located, next to the ultramodern chemistry laboratories, not the slightest noise can be heard. One can work calmly, undisturbed, without irritation. I say it out loud. "But there is no such noise at ground level," he replies. "Not even out on the street. The noise pollution in Athens is equally dangerous as the cloud but there is does not seem to bother anyone. Yet, it is not difficult to combat the noise since 85 percent comes from the motorcycles and cars."

A scientist, I ponder, cannot take into account the political cost of restrictions on the traffic of vehicles or the strict control over the good operation of their engines. But the politicians who decide are very sensitive to the loss of votes because of such strict regulations.

But let us go back to the cloud. Despite all this the former PERPA director is still optimistic. "It's not necessary to reinvent the wheel," he said. "It is a matter of using known technology for the special conditions of the Athens basin. Simply, it takes time. At least a few years."

I ask why does it take so long since it is a question of applying known technology. I wrote down word for word his reply:

"I will give you a specific illustration. For certain pollutants the basic source is the automobile. With the past measurements and those of the new network we have started to quantify the cloud. In a year we will have a correct quantitative estimate. The stage of diagnosis will be completed. Even with this incomplete picture we can say that the only long-term solution for most vehicles is to use catalytic converters in the new cars. There is no doubt that so far this is the best solution and the problem in Athens is serious enough to justify the use of this effective measure.

Emission Control

"The implementation of this measure is usually done as follows: The officials enact specifications of such severity on the emission of new cars that they obligate almost all the manufacturers to install catalytic converters.

"This means the new cars will use only unleaded gasoline. The lead poisons the catalytic converter and nullifies its beneficial operation. In Greece we have the problem of adjusting our refineries and the distribution system for gasoline. Such adjustments take time. For example, if it is necessary to use unleaded anti-knock and other additives, their production will take 3 years because it will require new equipment. Three to 5 years for the implementation of the catalytic converters is not unusual.

The Cloud and the Measures

"It seems that the environmental pollution can be combated only if it is taken out of politics, only if there is a unanimous decision of the Chamber of Deputies, if it is no longer a distasteful duty for every government and a source of votes for every opposition."

I asked Professor Skiotis to explain to us what the cloud is. He said:

"I will try. First of all, I prefer the term 'atmospheric pollution.' The atmospheric pollution consists of all atmospheric pollutants. The main pollutants are relatively few, such as sulphur dioxide, carbon monoxide, two of the nitrogen oxides, hydrocarbonates, ozone and particles. Of course, I speak about general pollution, not the local pollution that may be caused by a factory emitting specific pollutants. Some of the aforementioned pollutants are originally emitted directly by the source, while others are secondarily formed by chemical reactions and natural changes in the atmosphere.

"What the simple observer sees and what the Athenians have called the cloud is an aggregate of floating particles. These particles come from a mixture of primary pollutants (such as smoke) and secondary pollutants (such as sulphuric and nitric salts).

"One type of atmospheric pollution is that known as photochemical or the Los Angeles type. In Athens with the prevailing sunlight we also have photochemical pollution. The index for this type of pollution is the secondary pollutant ozone."

Finally, I asked /Professor Skiotis/ to tell me about the measures already taken and about their effectiveness.

"I will not speak of the extraordinary measures. These are measures to deal with peak pollution. There are also measures taken which have been ignored by the news media. For example, the reduction of lead content in gasoline and of sulphur in crude oil and deisel was mentioned in just a few words in spite of the importance of these measures. The concentration of sulphur dioxide in the atmosphere over Athens is now among the lowest of all major cities and the concentration of lead--which is one of the most toxic pollutants--was reduced to less than half. These were terribly important steps, yet they were largely ignored.

"Part of the press seeking sensational news not only does not inform the people properly but it often disorients them. They all talk about the ban of cars in the center of Athens as though it is the only measure. The ban is primarily a traffic measure. Of course, to the extent it reduces the number of vehicles and miles driven, and to the extent it facilitates traffic, it helps reduce atmospheric pollution."

The Effects on Health

Professor Skiotis does not agree with the commotion created by fake environmentalists, as he calls them, and by a section of the press, about the destructive effects of the cloud on health. PERPA scientists have conducted studies and they have shown that there can be no correlation "between the concentration of smoke which is the main ingredient of the Athenian cloud and the incidents of heart disease, fainting, etc." The scientists accept the World Health Organization's definition of health.

He believes it will need long-range planning to deal with the cloud, without vacillations, delays, interruptions. He believes it is necessary to inform the citizen to make him a participant in the effort to combat atmospheric pollution. He means an information effort that will begin in school and will be extended to a daily propaganda by all information media and the press.

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